A CENTURY OF IMPROVING GOVERNANCE

For 100 years, experts at Brookings have brought empirical research and fact-based analysis to the most important problems facing the nation and the world. Policymakers from across the ideological spectrum look to Brookings for creative solutions to governance challenges because they know they will find independent thinking grounded in data and attentive to the practical realities of today’s political environment. Brookings experts are committed to the highest standards of quality, independence, and impact, the mutually reinforcing values that have made Brookings a trusted resource since its founding.
As Brookings’s centenary year draws to a close, we are already implementing our strategic plan, which we call Brookings 2.0. The plan updates our mission of improving governance at all levels—local, national, regional, and global—and thereby, hopefully, bettering the lives of so many more citizens.

Over the course of the last twelve months, we sought the guidance of a broad array of Brookings stakeholders. The result commits us to a range of institutional priorities: cultivating a culture of collaboration and interdisciplinary research; increasing the diversity and inclusiveness of our community of scholars and other professionals; and utilizing new technology and the digital revolution to expand our reach to new audiences, constituencies, and partners.

As you’ll see in the following pages, each goal is accompanied by a strategy for achieving it. The full plan is available publicly on our newly redesigned website, brookings.edu.

Fulfilling these aspirations requires sustainable funding. There, too, Brookings has been fortunate in having a wide group of individuals recognize—and generously support—our mission.

We formally launched the Second Century Campaign three years ago with the announcement of an ambitious goal of $600 million. Vice Chair of the Board Glenn Hutchins chaired the Campaign. Under his able leadership, we are proud that the Campaign surpassed this target in June. Thanks are also due to the hundreds of Brookings’s friends—including many of our current and former Trustees—whose generosity was striking and much appreciated. The happy result is that we are crossing the threshold of our centenary with real confidence we can ensure for a good many years the quality of our research, guarantee the independence of our scholars, and extend our impact.

When Robert S. Brookings and his fellow founders created in 1916 the world’s first independent research organization devoted to fact-based research and problem-solving in the realm of public policy, they were looking to the future. So are we. As Brookings continues to adapt to new challenges and opportunities, we will continue to build on our legacy and to rely on your support as the Institution goes from strength to strength—and strives to achieve the goal of improved public policy-making and the result of better, enhanced human lives.

David Rubenstein
Co-Chair

John L. Thornton
Co-Chair
Looking back from the vantage of our Institution’s hundredth birthday, we are reminded that, every year since its founding, our scholars have been clear-eyed about the overall state of the human endeavor, whether it augurs well or ill. Most years have been a mix of breakthroughs and setbacks, usually with more progress than regression.

But sometimes the bad news eclipses the good. In those circumstances, Brookings goes into high gear in its search for bold, pragmatic solutions to mega-problems.

Our predecessors rose to that challenge during the Great Depression, two world wars, and a series of crises that took the world to the brink of thermonuclear Armageddon. Our centenary happens to fall in the midst of another time of troubles. In their multitude and magnitude, they are stress-testing the capacity of nations and the international community to govern themselves wisely and effectively.

Dictatorship, predatory geopolitics, and blood-and-soil ideologies are on the rise. Terrorist massacres and humanitarian disasters have become staples of life on several continents. The cradle of civilization has seen the rebirth of barbarism.

Meanwhile, democracy is underperforming in the eyes of many of its constituents. Citizens in numerous countries have come to distrust established institutions, fear the future, and follow demagogues—a phenomenon that has shaken the foundations of the European Union and made for a uniquely fraught presidential campaign in the United States.

The current welter of difficulties and dangers is not as dire as the hot and cold wars that afflicted the world in the last century, but it has the potential to spin out of control unless it is understood, managed, and mitigated.

As in the past, our scholars are dedicated to getting to the bottom of what has gone wrong, identifying and scaling up practices and policies that work, and coming up with new ideas to cope with change.

Ideas, after all, are the software of civilization, governance, and problem-solving. All three are in need of updating and upgrading. Hence, our adoption of a strategic plan, called Brookings 2.0, to help restore the world to better working order.

Strobe Talbott
President
As Brookings marks its centenary in 2016, the vision of the eighteen private citizens—including Robert S. Brookings—who came together in 1916 to found the Institution takes on greater resonance. This inspired group included Republicans, Democrats, and independents who were prominent in education, law, finance, philanthropy, and other fields. They shared a conviction that American democracy had not realized its potential and a belief that a better world was possible. Building that better world would take original thinking and a dedication to pragmatic approaches to the challenges facing the country. To that end they created an Institution that would be a reliable source of objective, independent analysis, constructive criticism, and bold but actionable improvements to public policy. One hundred years later, this singular purpose remains central to everything Brookings does in pursuit of its mission. Independence and non-partisanship have only become more important in recent years, as increasingly rigid ideologies and

A CENTURY OF IDEAS AND IMPACT

1916
The Institute for Government Research founded in Washington, DC

1919
Institute for Government Research recommendations lead to the crafting and passage of the Budget and Accounting Act of 1921, which expands executive power in the federal budget process

1923
The Institute publishes a landmark study of Germany and its allies’ ability to pay the World War I debts mandated by the Versailles Treaty

1927
The Institute for Government Research merges with the Institute of Economics (founded in 1922) and the Robert S. Brookings Graduate School of Economics and Government (1923) to form the Brookings Institution

1929
Throughout World War II, Brookings experts support the war effort by recommending policies on a variety of issues, including wartime price controls, military mobilization, German and U.S. manpower requirements, and later, postwar demobilization and preventing Germany and Japan from re-arming

1935
Brookings economists evaluate President Franklin Roosevelt’s National Recovery Administration, a New Deal agency, followed two years later by a study of the Agricultural Adjustment Administration

1939
Brookings research forms the basis of a task force report on public welfare, prepared for the Commission on Organization of the Executive Branch of the Government, also known as the Hoover Commission

1946
The International Studies Group is formed at Brookings, a precursor to the present-day Foreign Policy program

1948
At the request of Senator Arthur Vandenberg, chairman of the Senate Foreign Relations Committee, Brookings experts play a pivotal role in the development of the European Recovery Program, later known as the Marshall Plan

1949
Ahead of the presidential election, Brookings launches the Presidential Transitions Project to help smoothly launch the next administration, irrespective of who wins

1957
Brookings launches a new program of education for senior government executives that contributes to passage of the Federal Training Act of 1958, which provides across-the-board federal employee training to improve government productivity
political gridlock have come to dominate—or even define—official Washington.

From its founding and continuing today, independence has always begun with Brookings scholars. They enjoy the academic freedom to pursue their research wherever it may lead and their conclusions are resolutely their own, insulated from outside influences. Indeed, the value of Brookings research and analysis, and thus of the Institution as a whole, is inextricably linked to this commitment to objectivity.

As the Institution has grown over the last ten decades, it has tackled a widening set of policy challenges, from its original focus on governing institutions and economic issues to foreign policy, metropolitan policy, and international development. Along the way, Brookings experts have made an indelible impact on the policy landscape. Looking ahead to the next century and beyond, Brookings will continue sharpening its focus, building its capacities, broadening its reach, and deepening its commitment to quality, independence, and impact.

1966

President Lyndon B. Johnson addresses Brookings’s 50th anniversary event, saying, “You are a national institution so important...that if you did not exist we would have to ask someone to create you.”

1971

Brookings experts begin a new series of studies on the federal budget and congressional spending choices, which eventually leads to the creation of the Congressional Budget Office (CBO). Brookings scholar Alice Rivlin becomes the founding director in 1975

1975

Brookings releases recommendations of the Middle East Study Group, which becomes President Jimmy Carter’s plan for settlement of the Arab-Israeli conflict

1986

Brookings initiates a multi-year project on tax reform that helps inform the Tax Reform Act of 1986, a major bill that had a profound impact on the U.S. economy

2001

Following the 9/11 terrorist attacks, Brookings experts testify before Congress and produce numerous proposals for homeland security and intelligence operations, including “Protecting the American Homeland”

A Brookings proposal helps forge bi-partisan support in Congress to extend the benefits of the child tax credit in the Economic Growth and Tax Relief Reconciliation Act of 2001 to lower- and middle-income families

2004

Brookings launches the Metropolitan Policy Program as its fourth research program

2006

Brookings opens overseas offices in Beijing, China and Doha, Qatar

Brookings launches Global Economy and Development as its fifth research program

2009

President Barack Obama chooses Brookings as the venue for announcing his plan for creating jobs and spurring economic growth

2013

Brookings opens its third overseas office, in New Delhi, India

2016

Brookings begins its second century and launches Brookings 2.0, its centennial strategic plan

Learn more about Brookings’s history at brookings.edu/about-us/brookings-institution-history
Brookings’s hundredth anniversary is an occasion to celebrate our past and reflect on its lessons for our future and what they mean for how we address the challenges and opportunities of our times. Our legacy is marked by continuity in vision, values, and goals. But our experience has taught us that continuity is a virtue only if it is leavened with self-examination and innovation. Every institution can always do what it does better—and often do it differently, especially if the environment in which it operates is undergoing transformation.

That is dramatically the case now. Over the past few years, our interconnected world has experienced a bumper crop of crises that are testing the stability of the world order and shaking the confidence of leaders and citizens alike, even as millions have risen out of poverty and new technologies have elevated living standards across the world.

The human enterprise seems to be at an inflection point, which means that Brookings is as well, not least because many of the world’s challenges fall within the ambit of our original and enduring mission: answering the question of how communities can promote life, liberty, and the pursuit of happiness among their inhabitants.

**Improving Governance through Independent Research**

Put simply, we are in the business of improving governance. That word, derived from the Latin “to steer,” implies a clear purpose and direction. Over the past hundred years, through the work of its scholars, Brookings has done its part to chart a course toward a world with more opportunity, more justice, more open societies, more security, and more peace.

In that respect, continuity is not just at the core of our legacy but a guiding principle for our future. So is change. To wit, we have already begun to redefine governance itself. Throughout most of the twentieth century, Brookings concentrated on improving government, a crucial but limited function that resides with political authorities. In recent years, we have adopted the more capacious term, since governance encompasses the expanding and
interactive roles of public, private, and civic forces at all levels, from local to national to global.

As Brookings embarks on its second century, our task is to understand the complexity of twenty-first-century governance and develop ideas that work to its betterment. Our centennial strategic plan identifies ways to strengthen our ability to accomplish that task. By implementing the plan we will keep faith with our predecessors, and ensure Brookings’s relevance and impact in the decades ahead.

**Challenge and Responsibility**

Our centenary comes several years into a period when progress seems to be giving way to regression. Almost all forms of governance are undergoing systemic stress and dissatisfaction among their citizens. That is true of virtually all democracies, including the most powerful one.

The United States is suffering from polarization in the body politic and gridlock in its governing institutions. Chronic disease is rising and life expectancy falling in some sections of the population. Cities and universities are shaken by turbulence around issues of race. The American brand is tarnished by disparities in income and opportunity—a concern similar to the one that stirred the reformist energies of our original Trustees and scholars.

At home and abroad, the global leadership that the United States assumed when it entered World War I, a year after Brookings’s founding, is now widely questioned even as it is sought and welcomed. A contagion of crises, conflicts, and perils has swept the globe in the last half decade, inhibiting if not negating the widespread advances that began in the 1980s and continued into the first decade of this century.

The advantage of globalization as a worldwide compact to make a virtue of interdependence is losing ground to the dangers of zero-sum international competition.

The adversities and hazards we face—regressive geopolitics in Russia and China, rising nationalism and a fragile European Union, ungoverned spaces in Africa, the Middle East, and South Asia, terrorist violence all over the world, climate change—are the result of human agency gone awry. Coping with them simultaneously necessitates restoring human agency to its most ambitious, effective, and critical. For us at Brookings, that poses the ultimate test of our ability to contribute to the improvement of governance in its expansive sense, taking account of how governance has evolved to include manifold participants but has only begun to integrate them.

Still, government in its traditional definition will always be an indispensable component of governance. Democracy requires lawmakers who are chosen by elections that are fair, efficient, and representative. National security, rule of law, protection of property rights, control of the money supply, foreign policy, intelligence, trade, and other vital functions of statehood are impossible without a competent government. When it comes to steering a nation, the chief executive is as close as a democracy comes to providing for a captain.

Americans, to their credit, have never been fully satisfied with their own government or the course they are on. Early in the last century, their faith in an ideal, their impatience with the status quo, and their conviction that their government could do better animated the Progressive Movement, which in turn spawned our institution.
NEW GOALS FOR A NEW CENTURY

As we confront the manifold challenges of this new century, we have resolved to change the way we do business, attempting to do everything better and some things quite differently. The necessary adaptations fall under five goals:

1. **Tighten our focus on the complex of governance issues** as an organizing theme of our priorities, activities, products, and partnerships and thereby seek to be a leader in addressing the primary challenges of our time.

2. **Enhance our influence and relevance** by engaging new audiences and building new partnerships around the world. This means exploiting more vigorously the tools of the digital age. It also means using new and more effective branding and messaging to clarify who we are, what we do, why it matters and how citizens can be part of the solution to the major problems of our time.

3. **Promote a culture of collaboration** across the Institution, since the governance problems we deal with are interdisciplinary and multifaceted.

4. **Advance inclusion and diversity** in all its aspects in our community as a whole and, in particular, in our scholarly ranks and management.

5. **Reinforce efficiency and sustainability** through disciplined decision-making on how to allocate our resources, whom to hire and for how long, and whether to start up or sunset projects.

But a hundred years later, an alarming number of Americans are losing that faith, and their impatience is infected with fear and anger. These emotions cloud judgment and stoke incendiary politics, which breed divisiveness and constituencies for imprudent if not disastrous policies. The resulting environment makes reform all the harder at a time when the United States needs it for its own sake and for the world’s.

Moreover, the Institution’s deep and broad substantive expertise positions our scholars to inject sound ideas into policy discourse, while providing trusted information to the public as an antidote to the distortions, invective, and dogma that so often fill the air, especially in Washington, DC.
THE CENTENNIAL SCHOLAR INITIATIVE

The challenges facing the nation and the world are undeniably complex; developing practical policy solutions to meet them requires a multifaceted approach. Finding ways to encourage scholars working in different disciplines or different programs to collaborate on the biggest issues is a central part of the Brookings 2.0 Strategic Plan. The Brookings Institution launched the Centennial Scholar Initiative with the intention of cultivating a new style of scholarship at Brookings, fostering work that is cross-program, inter-disiplinary, international, and intensely focused on impact.

Bruce Katz, who founded and co-led the Metropolitan Policy Program at Brookings, was named the inaugural Brookings Centennial Scholar in January 2016. In this new role, he will bring integrated problem-solving to the issues arising from global urbanization and the challenges of a city-driven century. The goal of Bruce’s work is to inform and propel new patterns of urban growth, new forms of urban finance, and new norms of urban governance that are concrete, imaginative, integrated and, ultimately, transferable. In an effort to both observe best practices in action and bring his thinking to ground, he has met with municipal and private sector leaders in a number of global cities, including Buenos Aires, London, Montreal, Paris, Stockholm, and Santiago. This work is made possible through the generous support of Brookings Trustee Steve Denning and his wife Roberta.

As part of the Initiative, Katz regularly collaborates with scholars at Brookings and beyond. In particular, he leads Brookings’s Anne T. and Robert M. Bass Initiative on Innovation and Placemaking, which aims to catalyze a new cross-disciplinary approach to city-building that integrates the reinforcing benefits of vibrant public spaces, innovative urban economies, and inclusive growth. He is also part of the leadership team, along with Kemal Derviş, Vice President and Director of the Global Economy and Development program, of Brookings’s Project on 21st Century City Governance. This collaboration aims to fuel and inform new forms of urban governance that enable cities to take on the super-sized economic, social, and environmental challenges they now must face alone, in the face of gridlocked and ineffective governance at the national level.

One example of these issues is the European refugee crisis resulting from the Syrian civil war. While a number of national governments have agreed to accept refugees into their countries, much of the responsibility for accommodating and integrating them—through language training, job placement, housing, and education—has fallen to the cities where they settle. Bruce is working with Vice President Bruce Jones, Senior Fellows Bobby McKenzie and Constanze Stelzenmüller, and Associate Fellow Jessica Brandt in the Foreign Policy program to examine the current refugee situation from the perspective of municipal governance.
The June 2016 Brexit vote that initiated the process of the UK’s separation from the EU added a new layer of uncertainty to an already challenging global economy. As the U.S. and other nations struggle with slow economic growth, the prospect of less integration raises new concerns about what tools policymakers have at their disposal to ignite more vigorous growth. To improve understanding of new developments, experts in the Economic Studies program conducted rigorous, independent research and formulated policy recommendations to respond to economic challenges.

Reducing Poverty and Increasing Opportunity
Despite some progress in reducing the poverty rate over the past few decades, by most measures, poverty rates have risen since the beginning of the Great Recession. And income mobility within the U.S. remains low. To chart a path forward, Brookings scholars teamed up with counterparts at the American Enterprise Institute to form the AEI-Brookings Working Group on Poverty and Opportunity to formulate a set of policy prescriptions to address three interconnected areas of life that have a profound effect on Americans’ ability to get ahead.

The Working Group’s report, *Opportunity, Responsibility, and Security*, lays out a comprehensive agenda for strengthening families to prepare children for success, improving the quantity and quality of work, and increasing the quality of education, especially for poor children, to better prepare young people to assume the responsibilities of adult life and parenthood and avail themselves of opportunities for self-advancement.
NEW RESOURCES FOR HEALTH POLICY INNOVATION

With health care spending in the U.S. reaching $3 trillion annually and powerful disruptions to the health care system underway, the need for careful analysis and thoughtful proposals for reform continues to grow. To help advance innovation in health policy, Brookings Trustee Leonard D. Schaeffer made a gift of $4 million to establish the Leonard D. Schaeffer Initiative for Innovation in Health Policy as a partnership between Brookings and the Leonard D. Schaeffer Center for Health Policy & Economics at the University of Southern California (USC), where he also serves as a Trustee. Under the leadership of Senior Fellow Paul Ginsberg, who is a professor at USC and director of the Center for Health Policy at Brookings, the Initiative will conduct research on pressing challenges like the future of Medicare as costs continue to rise, shaping the Affordable Care Act to improve outcomes, and maximizing the value of innovation in drugs and devices.

“As other Washington institutions grew more ideologically entrenched, [Isabel Sawhill and Ron Haskins] modeled a partnership that defied labels other than ‘indispensable.’”

JASON DEPARLE, NEW YORK TIMES
BROOKINGS CLASSICS

The Brookings Institution Press has published thoughtful, important, and timely books since long before the internet enabled instant punditry and 140-character analysis. As Brookings celebrates its 100th anniversary in 2016, the Press has begun reissuing some of the most notable works from leading thinkers of the 20th century in a series of Brookings Classics, each with a new foreword by a contemporary expert. Among them are Systematic Thinking for Social Action by Senior Fellow Alice Rivlin and Equality and Efficiency: The Big Tradeoff by legendary Brookings economist Arthur Okun. This series introduces new readers to important books and gives past readers the opportunity to revisit them.

EVIDENCE INFORMING POLICY

At the heart of Brookings’s approach to solving challenging policy problems is an unwavering commitment to evidence-based research. Amid the extreme partisanship of modern-day Washington, Brookings experts rely on empirical analysis to overcome the ideological spin that too often colors examination of the issues. In the fall of 2015, the Center on Children and Families launched Evidence Speaks, a weekly series of reports and notes by a standing panel of distinguished researchers who are committed to elevating the role of methodologically rigorous research in the formation of education and social policy. With the support of the Laura and John Arnold Foundation and USA Funds and edited by Senior Fellow Grover “Russ” Whitehurst, Evidence Speaks reports have examined topics such as school vouchers, preschool, soft skills, and college debt, among others.

In June 2016, House Speaker Paul Ryan (R-Wisconsin) appointed Senior Fellow Ron Haskins, co-director of the Center on Children and Families and the Cabot Family Chair, as co-chairperson of the Evidence-Based Policymaking Commission. The Commission will study ways to use program data to better measure the effectiveness of federal tax and spending programs, including overcoming the challenges posed by the diffusion of data across many different federal agencies and the need to safeguard privacy. Haskins’s appointment builds on work he did for his 2014 book Show Me the Evidence, which examined the Obama Administration’s evidence-based initiatives.
Examining Fiscal Policy in an Election Year
As the 2016 presidential campaign gathered steam, candidates in both parties made claims about their plans for tax reform. The Tax Policy Center (TPC), as it has done in every election year since its founding, used its extensive modeling capabilities to estimate the fiscal effects of each candidate’s proposals. By applying the same assumptions to each plan, the Center was able to present side-by-side comparisons of the plans’ impact on tax revenue and distribution. TPC’s nonpartisan, rigorous research is a valuable resource for anyone looking for an independent source of information on tax policy and for media covering the campaigns.

It can be difficult for even well-informed citizens to understand the kinds of tradeoffs involved when attempting to address weak economic growth and social problems, while trying to close the country’s long-run debt burden. To help educate the public, the Hutchins Center on Fiscal & Monetary Policy partnered with the Woodrow Wilson Center to launch the Fiscal Ship, an interactive online game that lets players establish three overarching priorities out of a possible ten—such as cutting taxes, strengthening the safety net, and fighting climate change—and then lets them choose from a menu of tax and spending options in pursuit of those goals. With each selection, the game calculates the effect on the national debt, allowing players to see potential paths to fiscal sustainability in real time. In the first three months after its launch, Fiscal Ship was played over 48,000 times, bringing the realities of federal budgeting to a wide audience.

New Editors for the Brookings Papers on Economic Activity
Brookings convened the 100th biannual Brookings Papers on Economic Activity conference in the fall of 2015, with two new editors, Northwestern’s Janice Eberly and Harvard’s James H. Stock, taking over the flagship journal. The first volume under their leadership came out in spring 2016 and included papers looking at student loans, dynamic budget scoring, inflation targeting, and weather adjustments to economic data, as well as a symposium on the Greek debt crisis. The spring 2016 conference featured presentations on measuring wealth and income at the top, productivity, inflation perceptions and expectations, income inequality, credit policy, and declining fluidity in the labor market.

Innovative Ideas in Education
Senior Fellow Stuart M. Butler joined Brookings in 2014 after spending 35 years at the Heritage Foundation, where he was the director of the Center for Policy Innovation. Since joining Economic Studies, he has continued his focus on poverty, the budget, health, and entitlements. In addition, his work on education has gained significant attention, especially education’s role in reducing poverty and increasing mobility and ways to make it more affordable and accessible. In an influential op-ed in the Los Angeles Times, he argued for a fundamental rethinking of how higher education is delivered. His proposal would transform the college experience from spending four years at a brick-and-mortar institution to a model more akin to hiring a general contractor, whereby a college would develop a personalized package of courses and educational experiences for individual students. This system would take advantage of new technologies like massive open online courses (MOOCs) to lower costs and eliminate geographic barriers to college attendance.
PROMOTING PEACE AND SECURITY IN TURBULENT TIMES

After the end of the Cold War, the world experienced more than two decades of relative peace, prosperity, and stability. But in the last several years, the international community has witnessed a return to great power competition, with Russia’s aggression in Ukraine and mounting tensions between China and the United States in the South China Sea. Rising violence in the Middle East contributes to regional and even global instability. Europe, too, faces multiple challenges, with terrorist attacks, large refugee flows, and the British vote to separate from the European Union. To help make sense of these developments and devise possible paths forward, experts in the Foreign Policy program are conducting rigorous research and analysis to articulate and disseminate actionable policy solutions.

Order from Chaos

In 2016, the Foreign Policy program launched a year-long initiative examining the key issues facing the United States and the international community. The project will culminate in February 2017 with a set of policy recommendations for the incoming U.S. Administration. The Order from Chaos project seeks to produce incisive analyses and actionable strategies to enable the United States to shape, defend, and adapt the liberal international order for the 21st century. Five books out of 14 have already been published—by Michael O’Hanlon, Harold Trinkunas, Ted Piccone, Teresita and Howard Schaffer, and Cheng Li—in the “Geopolitics in the 21st Century” series; and several policy paper series are in development, covering China and East Asia, the Middle East, and Europe/Russia.

Addressing the Syrian Crisis

The Syrian civil war is generating one of the worst humanitarian crises since the end of the Cold War. To help increase understanding of this crisis, Brookings convened a high-level forum in June 2016 that featured Senator John McCain (R-Arizona), David Miliband, president of the International Rescue Committee, and Brookings’s Leon Weiseltier, along with more than 100...
policymakers, diplomats, activists, and scholars, including the Deputy Secretary of State for Management (who oversees refugee resettlements). The two-day conference focused on options for ending the Syrian conflict, the role of frontline states like Jordan and Turkey and European cities in coping with refugees, and the current and future strength of the international refugee regime.

TÜSİAD Senior Fellow Kemal Kirisci, director of the Turkey Project, and Nonresident Senior Fellow Beth Ferris took a closer look at the long-term economic, political, and social implications of the crisis. Their book, *The Consequences of Chaos*, the first of Brookings’s new Marshall Paper Series, examines the relationship between action to resolve conflict and the limits of humanitarian responses to address political crises, and outlines policies to help refugees become productive members of their new communities.

With Senior Fellow John Allen in place as co-director of the Center for 21st Century Security and Intelligence, Brookings scholars are examining the myriad dimensions of the Iraq and Syria crisis and the ISIS challenge, and providing concrete analysis and policy options to the United States and key allies in the counter-ISIS coalition, as well as to those looking to the eventual reconstruction of Syria and western Iraq.

**An Experts’ Dialogue on Political Islam**

Five years ago, the Arab Spring ushered in the first opportunities for Islamist movements to assume political power. The divergent experiences of Islamic parties in Tunisia and Egypt, together with the rise of the Islamic State’s extremist version of religious rule, have

President of Indonesia Joko Widodo speaks about his country’s place in a changing world
UNDERSTANDING THE RISE OF ISIS

In less than two decades, the Islamic State has gone from a small group loyal to al Qaeda to one of the most vicious terrorist organizations in modern history. To help understand this transformation, Senior Fellow Will McCants drew on primary sources in Arabic, including both ancient religious texts and al Qaeda and Islamic State communications, to write The ISIS Apocalypse: The History, Strategy, and Doomsday Vision of the Islamic State (St. Martin’s Press, 2015). The book explores how ISIS leaders promoted a vision of a new caliphate to attract an army of fighters to claim extensive territory and maintain a brutal hold over people in Syria and Iraq. In recognition of his contributions to the policy debate over how to respond to ISIS, POLITICO named him to the POLITICO50, its annual list of the top thinkers, doers, and visionaries transforming American politics.

“As Brookings marks 100 years, it is appropriate to mention that this institution has always served as an independent and high-level forum for ideas, for thoughts, for scholarly discourse and a place for open and honest debate. The country and specifically Congress are better for it.”

SENATOR JOHN MCCAIN (R-AZ)
challenged the conventional wisdom on political Islam and generated new imperatives for policymakers to understand and respond to these movements. Senior Fellows Shadi Hamid and Will McCants of the Project on U.S. Relations with the Islamic World conceived the Rethinking Political Islam project, a series of reports by rising experts who systematically assessed the evolution of mainstream Islamist groups across 12 countries. Islamist leaders and activists were invited to respond with their own perspectives, setting off a robust public debate.

Understanding Shifting Alliances in Europe
European nations and the historic project of European unification have experienced a profound set of crises over the past year: frictions with an emboldened Russia; a massive influx of Syrian refugees; multiple terrorist attacks; Britain’s vote to leave the EU; and the Turkish coup attempt and its aftermath. The Center on the United States and Europe, under the leadership of Senior Fellow Fiona Hill, has led the Institution’s research, analysis, and debate on these historic events and is leading a Brookings-wide initiative to assess the complex set of implications resulting from the U.K. vote. Robert Bosch Senior Fellow Constanze Stelzenmüller has written extensively about the current challenges facing Europe and Germany’s growing leadership role within the EU, most recently as a regular contributor to the Washington Post’s new Global Opinion section. Thomas Wright, director of Foreign Policy’s Project on International Order and Strategy, has provided extensive commentary in U.S. and European media, helping the public and policymakers to better understand the Brexit.

Vice President and Director of Foreign Policy Bruce Jones

INFORMING THE DEBATE OVER THE IRAN NUCLEAR DEAL
Foreign Policy’s experts played a pivotal role in shaping the debate and policies around the Iran nuclear agreement. Even as the partisan divide offered little room for common ground among U.S. policymakers, scholars like Senior Fellows Robert Einhorn, Suzanne Maloney, and Kenneth Pollack helped address one of the most complex security challenges of our time through regular consultations with White House and State Department officials and numerous briefings for members of Congress on both sides of the aisle. Einhorn’s August 2015 digital essay, “Debating the Iran Nuclear Deal,” has drawn praise from members of Congress as particularly valuable to their assessment of the agreement. In addition, Foreign Policy convened public events and private forums on the Iran deal, including the first major speech on Iran by former Secretary of State Hillary Clinton and a Brookings Debate featuring Senator John McCain (R-Arizona) with Senior Fellows Leon Wieseltier, Bruce Riedel, and Maloney. Brookings’s impact on the Iran issue draws on a decade of in-depth research on Iran, including five books, numerous reports, and a blog dedicated to Iran and the broader Middle East.
A DECADE OF IMPROVING PROSPECTS FOR SUSTAINABLE GROWTH THROUGH BETTER POLICY

Under the leadership of Vice President and Director Kemal Derviş, the Edward M. Bernstein Scholar, and Deputy Director Homi Kharas, experts in the Global Economy and Development program are focusing their research and engagement on strengthening the drivers of sustainable global growth and working to help design policies that would leave no one behind in today’s interconnected world. Now in its tenth year, the program is engaged with the institutions and processes that are instrumental in advancing critical global debates—from the G-20 and the Financial Stability Board to the UN Leaders Summit and the World Bank/IMF Annual Meetings, among others. Brookings experts are providing analysis and recommendations to foster global economic cooperation, improve pathways out of poverty, and help deal with the technological transformation of the world economy, with a special focus on productivity, education, new skills, inclusiveness, and sustainability.

A New Agenda for Global Development

The past year featured a series of major international agreements, including the Addis Ababa Action Agenda on financing for development, the adoption of the Sustainable Development Goals (SDGs) at the United Nations General Assembly Summit on Agenda 2030, and the Paris Agreement on climate at the Conference of the Parties (COP21) ministerial meeting. Brookings scholars Amar Bhattacharya, Homi Kharas, and John McArthur were engaged in each of these processes, providing analysis and technical input, building connectivity and continuity throughout the development and climate agendas, bridging the links to the broader global economic agenda, and writing extensively about the considerations that went into the successful deliberations. A report on Ending Rural Hunger authored by a team led by Kharas and McArthur showcased how evidence could be used to map needs, policies, and resource allocations for achieving the second SDG. Brookings’s contributions on the importance of sustainable infrastructure for good development outcomes informed
the discussions around multilateral finance for climate investments at Paris, and were also for the first time the subject of formal discussion amongst central bank governors. Senior Fellow and Director of the Africa Growth Initiative Amadou Sy examined ways to address the specific development challenges in Africa through new and innovative financing mechanisms, particularly domestic resource mobilization.

Scaling Up Innovations in Education
Under the leadership of Senior Fellow and Director Rebecca Winthrop, the Center for Universal Education is focused on making quality education available to children all over the world, especially in developing countries. A key part of the Center’s research agenda involves identifying successful interventions that can be scaled up or adopted in other places. The report Millions Learning: Scaling Up Quality Education in Developing Countries, authored by Winthrop and Fellow Jenny Perlman Robinson, explores the challenges education policymakers around the world face as they attempt to effectively scale up quality learning strategies. The publication outlines how scaling, which can be a trial and error effort, often occurs when new approaches and ideas are allowed to develop at the local level on the margins and then spread more broadly across the education system. A series of in-depth case studies accompanied the release of the report, which was launched at a conference at Brookings.

“Brookings has played a key role in the transformation of the aid discourse from a technical into a political exercise, with aid now seen as one of the most important tools in the foreign policy toolbox. We simply cannot do without Brookings’s intellectual leadership.”

ERIK SOLHEIM, EXECUTIVE DIRECTOR, UNITED NATIONS ENVIRONMENT PROGRAMME

SUSTAINING GLOBAL’S WORK FOR A DECADE
Global Economy and Development became Brookings’s fifth research program in 2006, growing out of a joint center of the Foreign Policy and Economic Studies programs. Richard C. Blum and the William and Flora Hewlett Foundation made founding commitments to help launch the program and ensure that it had the resources to develop a comprehensive agenda and set of activities to frame the debate on global development and advance practical policy proposals. Richard Blum has continued to provide generous support through the annual Brookings Blum Roundtable on Global Poverty. The Hewlett Foundation, which is celebrating its own 50th anniversary this year, has continued to be a generous supporter of Global (as well as other programs at Brookings), with grants for crucial operating support and to the Center for Universal Education. Brookings is grateful for the vision shown by Richard Blum and the Hewlett Foundation in making their early investments in Global and their continued engagement as the program has grown over the past decade.
Lessons from Latin America for Africa: The Role of External Factors
Nonresident Senior Fellow and Director of the Brookings Global-CERES Economic and Social Policy in Latin America Initiative (ESPLA) Ernesto Talvi has long been taking the pulse of Latin America’s economy through an innovative macroeconomic model that factors in the evolving global context. Building on this work, Talvi partnered with Amadou Sy, senior fellow and director of the Africa Growth Initiative (AGI), to apply this model to the sub-Saharan African context. Their research finds that almost half of sub-Saharan Africa’s output fluctuations since 1998 can be explained by a small set of external factors. The region’s current growth slowdown largely reflects the impact of a more difficult external economic environment for many African economies, particularly in terms of lower commodity prices, China’s slowdown, and tighter financial conditions for emerging economies. Given the importance of external factors in explaining output fluctuations in sub-Saharan Africa, a key policy recommendation is that, to properly evaluate a country’s fundamentals, policymakers should assess structural indicators related to fiscal and external sustainability. This research was discussed at AGI’s inaugural Risks Roundtable, which convened senior policymakers, private sector leaders, academics, and other stakeholders on the margins of the spring IMF/World Bank meetings.

Reflections on Progress
For over six years, Vice President and Director of Global Economy and Development Kemal Derviş has been a regular columnist for Project Syndicate, which publishes analysis and commentary on a range of policy topics. His recent columns have explored issues like European prospects after Brexit, overcoming slower global growth, “helicopter money” fiscal policy, and a new way of introducing a carbon tax, among others. In September, most of his columns were collected and published in a single volume. Reflections on Progress: Essays on the Global Political Economy represents an easily digestible overview of how the most pressing issues in the global economy have evolved over recent years and offers practical policy prescriptions for confronting them, making it an important resource for policymakers, the media, and the public seeking to better understand economic challenges and opportunities.
IMPROVING FINANCE FOR GLOBAL EDUCATION

The Center for Universal Education (CUE) has brought visibility to the areas of global, innovative, and domestic education financing through new research and engagement, which was featured at the Oslo Summit on Education for Development in the summer of 2015. Work by CUE Fellow Liesbet Steer directly informed the establishment of the International Commission on Financing Global Education Opportunity co-convened by Prime Minister of Norway Erna Solberg, President of Chile Michelle Bachelet, President of Indonesia Joko Widodo, President of Malawi Peter Mutharika, and the Director-General of UNESCO Irina Bokova. Gordon Brown, UN Special Envoy for Global Education, is serving as chair, and Steer now serves as Director of Research for the effort. CUE also contributed as a research partner to the Commission. The Commission's final report and recommendations were released during the UN General Assembly meetings in fall 2016.
THE CAUSES AND CONSEQUENCES OF A UNIQUE ELECTION YEAR

The 2016 presidential campaign will go down as one of the most unusual in American history. On the Republican side, real estate developer and reality TV star Donald Trump bested a field of 16 rivals to secure the nomination. For the Democrats, former Secretary of State Hillary Clinton prevailed over Vermont Senator Bernie Sanders after a protracted primary campaign that saw his insurgent candidacy energize a large number of voters, especially young people.

As candidates in both parties scrambled to secure delegates (and on the Democratic side, super delegates), there was renewed interest in the sometimes-arcane rules about how they are selected and their freedom to vote for the candidates of their choice. Senior Fellow Elaine Kamarck, director of the Center for Effective Public Management, published a new edition of Primary Politics: Everything You Need to Know about How America Nominates Its Presidential Candidates to explain how the presidential nominating system came into its current form. As Super Tuesday loomed in early 2016, Kamarck moderated a public event that previewed the nascent primary season and how it could impact the general election, political polarization, and governance. And throughout the primary season, she emerged as one of the media’s go-to sources of information and expertise on this complex process. While Kamarck focused on explaining how we nominate our presidential candidates, several other Governance Studies scholars turned their attention to the history, demography, and ideology that seemed to be driving voters in this election.

Fighting “Sextortion”
In recent years, communities across the country have experienced an alarming increase in a new and troubling digital crime: “sextortion.” Sextortion occurs when offenders use personal information—often images stolen from a computer or obtained by hacking into an unsuspecting individual’s webcam—to force victims to produce additional sexually explicit material. Victims, oftentimes children, are deeply traumatized, of
New technologies hold tremendous promise for increasing access to financial services across a wide swath of underserved people in developing countries. Making that a reality requires a significant commitment from national governments and the private sector. With this in mind, the Center for Technology Innovation launched the Financial and Digital Inclusion Project (FDIP), which is co-led by Vice President and Director Darrell West and Nonresident Senior Fellow John Villasenor. Thanks to a generous three-year grant from the Bill & Melinda Gates Foundation, scholars undertook a large-scale study of 21 geographically and economically diverse countries that had recently made significant commitments to financial inclusion. The 2015 FDIP Report and Scorecard provided an empirical measurement of each country’s progress in 33 distinct areas. It was first in a series of publications intended to provide policymakers, the private sector, non-governmental organizations, and the general public with information that can help improve financial inclusion in these countries and around the world.
course. But despite the serious legal and societal consequences of sextortion, this new sex crime of the digital age is almost entirely unstudied. A 2016 Brookings report, “Sextortion: Cybersecurity, Teenagers, and Remote Sexual Assault,” represents the first effort to examine the issue in depth.

Recognizing the need to bring this issue to the attention of parents and lawmakers, Brookings researchers, led by Senior Fellow Benjamin Wittes, conducted a comprehensive survey of public court records and examined the methods used by perpetrators and the prosecutorial tools authorities have used to bring offenders to justice. By highlighting the scale and scope of the problem, the authors hoped to raise awareness, spur a close look at the laws under which these cases are prosecuted, and ultimately introduce federal legislation to combat this evolving crime.

Evidence suggests they have been successful. This groundbreaking research was featured by The New York Times, The Atlantic, npr, and ABC News, among many others. Within days of the report’s release, Representative Katherine Clark of Massachusetts and Senator Barbara Boxer of California released statements citing the research and calling for immediate action to combat crimes of sextortion.

The Power of Explanatory Journalism

Explanatory journalism sits as a counterweight to the breaking news, in-the-moment type of journalism that offers readers speed over nuance. Its newfound popularity and adoption across the industry belies a long history and tradition of journalists offering deep, engaging, detailed accounts of important issues and events. Brookings delivers ideas and recommendations to...
readers using a similar format and shares the common goal of communicating ideas of great consequence in a thoughtful manner. The benefits are far-reaching and play a serious role in improving public knowledge and contributing to a more informed populace. For that reason, Governance Studies turned its attention to understanding better the functionality and the impact of explanatory journalism.

The explanatory journalism project, which debuted in February 2016, aligns with the program’s ongoing work examining the intersection of media and democracy. Taking a cue from the research subject, scholars presented their analysis in a unique, multimedia fashion. Senior Fellows John Hudak, Tom Mann, and E.J. Dionne, Jr. contributed to the effort, the core of which was a series of on-camera interviews with leading practitioners of explanatory journalism: David Leonhardt, founding editor of the Upshot at The New York Times; Max Ehrenfreund, writer for The Washington Post’s Wonkblog; Amber Phillips, political blogger for The Fix at The Washington Post; and Ezra Klein, founder of Vox.com. Dionne, who brings the perspective of both a scholar and a journalist, introduced the video series. A week-long series of blog posts accompanied the videos, providing an additional layer of analysis. Contributors to the series included The Washington Post’s Terri Rupar, among others.

Prime Minister of the Czech Republic Bohuslav Sobotka (LEFT) and Visiting Fellow Norman Eisen explore challenges to the future of the EU.

IMPROVING CORPORATE GOVERNANCE

The rise of non-cash compensation for top executives and the growing clout of activist investors has led to an increased focus on quarterly profits and earnings over the kinds of investments that lead to long-term value and sustainable growth. Senior Fellows William Galston, the Ezra K. Zilkha Chair in Governance Studies, and Elaine Kamarck, founding director of the Center for Effective Public Management, published “More Builders and Fewer Traders,” an influential paper that argues that this trend is crowding out investments in research and development and depressing wages, and could harm the economy’s long-term prospects. Galston and Kamarck propose a set of policy steps designed to rein in share buy-backs and stock and options awards as compensation, as well as changing corporate reporting practices to focus more on the long term. Their paper reached important audiences, and their recommendations were echoed in the economic platform of Hillary Clinton’s presidential campaign.

“IT IS MY GREAT HONOR TO SPEAK ON THE PREMISES OF SUCH A PRESTIGIOUS ORGANIZATION AS THE BROOKINGS INSTITUTION, AND I WOULD LIKE TO SINCERELY CONGRATULATE YOU ON YOUR ANNIVERSARY AND WISH YOU ANOTHER 100 YEARS UNDER THE FAMOUS SLOGAN OF QUALITY, INDEPENDENCE, AND IMPACT.”

BOHUSLAV SOBOTKA, PRIME MINISTER OF THE CZECH REPUBLIC

Explore beyond the highlights. Visit brookings.edu/program/governance-studies and follow @BrookingsGov
Now in its 20th year, the Brookings Metropolitan Policy Program (Metro Program) delivers research and solutions that help cities and metropolitan regions build an advanced economy that works for all. Cities are crucial, proven partners in the urgent task of addressing stagnant growth and unequal opportunity. Cities and metros are already building relationships and solving problems in transformative ways with data, analysis, and hands-on support from the Metro Program at Brookings. Under the leadership of Vice President and Director Amy Liu, the Adeline M. and Alfred I. Johnson Chair in Urban and Metropolitan Policy, the Metro Program works with cross-sector leaders in more than 30 U.S. cities and metropolitan areas, leaders in more than a dozen states, and key national and international audiences to translate evidence and ideas into tangible actions that address society’s greatest challenges and ensure a more prosperous future for all its citizens.

Advancing Economic Success through Data
Metropolitan leaders seeking to achieve economic success need solid data to understand both where they currently stand and the trajectory of their development efforts going forward. To meet this need, Senior Fellow and Deputy Director of the Metropolitan Policy Program Alan Berube and Senior Research Associate Richard Shearer developed the Metro Monitor to provide an empirical foundation for evaluating how the 100 largest metropolitan economies in the United States are faring and where there are opportunities to learn from successful cities.

The Metro Monitor measures three areas that are critical to economic development: growth, prosperity, and inclusion. Within each of these categories, the Metro Monitor uses a set of indicators to develop an overall score that is used to rank the metro area’s performance among the nation’s largest metropolitan areas. In addition to a written report, the Metro Monitor provides interactive graphics that enable comparisons of different metro areas over one-, five-, and ten-year periods, with indexed graphs showing how each compares to the United States as a whole. Taken together, these data give metropolitan leaders valuable tools...
to assess their areas’ progress toward shaping an advanced economy that works for all.

**Enabling Growth by Connecting Global Cities**

The Global Cities Initiative: A Joint Project of Brookings and JPMorgan Chase is a five-year effort designed to help metropolitan leaders grow their regional economies by strengthening international connections and competitiveness. With the vast majority of global economic growth continuing to take place outside the United States, global trade has taken on increased importance for metropolitan leaders. To help cities understand how best to tap into these new opportunities, the Global Cities Initiative, under the leadership of Vice President and Director Amy Liu, works to provide clear information about metro areas’ competitive assets and advantages, support strategies for increasing exports and attracting investment, and forge international city-to-city connections that can undergird strong trade relationships.

This year, the Global Cities Initiative expanded on its previous research on U.S. cities to develop a series of profiles on the global economic competitiveness of international metropolitan economies. Starting with a report on Stockholm, Sweden, and followed by reports on South Africa’s Gauteng City Region, which includes Johannesburg, and Santiago, Chile, the Initiative benchmarked each metropolitan area’s key global assets and identified areas for public- and private-sector focus. In the Stockholm Region, the report’s recommendations, along with a roundtable with leaders from Chicago, London, Minneapolis, Philadelphia, and San Diego involved in the Global Cities Initiative, informed the design of a new export program.

**INVESTING IN HELPING THE URBAN UNEMPLOYED**

Despite ongoing recovery from the Great Recession and the return to pre-financial crisis levels of unemployment, many cities and metropolitan areas continue to struggle with joblessness. Within distressed communities, many people face particular barriers to employment, such as disability, low levels of education, English proficiency, childcare responsibilities, and limited work history. Helping these “hard to hire” individuals enter the workforce will require a combined effort by the public and private sectors and support organizations that can stimulate demand for labor and equip them with the skills they need to succeed.

To facilitate those efforts, Brookings launched an 18-month pilot project made possible by the generosity of Brookings Trustee Pete Higgins, founder of Second Avenue Partners in Seattle, and his wife Leslie. This unique project aims to help local leaders understand how best to connect the unemployed to work, first by defining who those individuals are and what characteristics they share. Using nationally available data, Brookings is creating localized profiles of out-of-work populations for the U.S.’s 100 largest cities and counties that will put the challenge of each city’s unemployment in the context of the wider local labor market. The project is also assembling an inventory of proven and promising programs that are helping to connect different segments of the out-of-work population to labor market opportunity. In addition to producing a report and interactive data visualization on the Brookings website, the Metro Program will convene roundtables where the project’s findings will be shared and tested against the real-world experiences of practitioners in the field. Brookings is grateful to Pete and Leslie Higgins for their generous investment in this important work.
RESHAPING ECONOMIC DEVELOPMENT STRATEGIES

In any economy, top-line economic growth does not necessarily mean bottom-line prosperity, nor does it guarantee that the benefits of growth will be shared broadly. Local leaders seeking to build an advanced economy that works for all need an improved understanding of the purpose of economic development, and how to align markets and civics to deliver continuous growth and prosperity. “Remaking Economic Development,” a report by Vice President and Director Amy Liu, offers a compelling new vision for local and regional economic development. Liu identifies five action principles that can help regions realize this vision: set the right goals, grow from within, boost trade, invest in people and skills, and connect place.

The Metro Program complemented the report with a series of blog posts by experts and practitioners around the country who shared their own experiences with putting these principles into practice. Many of these experiences took shape under the Brookings-Rockefeller Project on State and Metropolitan Innovation, which culminated in 2015. Generously supported by the Rockefeller Foundation, that five-year effort enabled the Metro Program to help regions around the country move toward more sustainable economic growth strategies.

strategy led by the Stockholm Chamber of Commerce. In the Gauteng City Region, the report provided evidence and direction for the province’s new economic development framework. These profiles are offering regional leaders around the globe with innovative roadmaps to strengthen their global connections and competitiveness.

Promoting Pathways to Opportunity

Two important factors connecting communities to employment, education, and vital services are affordable housing and transportation. By using these tools to improve access to jobs, regions can ameliorate problems like segregation, concentrated poverty, and low-density sprawl that pose real barriers to economic progress for low-income families and people of color. To further such efforts, the Obama administration recently launched new initiatives in fair housing and transportation access to help tackle local barriers to opportunity.

To explore these new initiatives and their relevance to regional efforts, the Metro Program convened a February 2016 dialogue between U.S. Department of Housing and Urban Development Secretary Julián Castro and U.S. Department of Transportation Secretary Anthony Foxx. Following their conversation, a response panel of experts from Baltimore, Chicago, and Kansas City discussed how these federal initiatives come to ground in their metropolitan areas. These efforts form the backdrop for multiple research projects in the Metro Program, including the Moving to Access initiative led by Fellow Adie Tomer and Global Economy and Development Senior Fellow Jeffrey Gutman, and Fellow Elizabeth Kneebone’s research on concentrated poverty and strategies for improving affordable housing supply in high-opportunity communities.
Over the last two decades, Rhode Island lost jobs in high-technology advanced industries faster than any other state, leaving public and private sector leaders looking for new ideas to accelerate growth. State leaders called on Metro Program Senior Fellow and Policy Director Mark Muro and Brookings Centennial Scholar Bruce Katz to help them assess Rhode Island’s economic health and develop a new approach to achieve higher-quality economic growth. The resulting report, “Rhode Island Innovates: A Competitive Strategy for the Ocean State,” identifies five growing advanced industry competitive advantages—biomedical innovation, cyber and data analytics, maritime technology and manufacturing, advanced business services, and design and custom manufacturing. These are complemented by the state’s excellent universities and research facilities, which produce both skilled workers and new innovations.

To take advantage of these strengths, Muro and Katz recommend that Rhode Island invests in bringing more applied research and commercial-oriented faculty to its anchor institutions and more workers with STEAM (science, technology, engineering, arts, and mathematics) skills into its workforce. They further argue that the state should develop innovation districts that concentrate assets needed for renewed prosperity and take advantage of Rhode Island’s quality of place. In addition, to increase competitiveness, the state should streamline its tax code, reform its regulatory environment, and invest in infrastructure that supports growth. These and other policy recommendations were presented and discussed at events held in the state, including some attended by Governor Gina Raimondo. The Governor has since included some of the recommendations from the report in the state budget and has developed partnerships with corporations to bolster STEM output from K-12 schools.

GROWTH IN THE 100 LARGEST METRO AREAS, 2009 TO 2014
Rank among the 100 largest metro areas (1 indicates the strongest performance)

- 1-20
- 21-40
- 41-60
- 61-80
- 81-100

CHART BY ALEC FRIEDHOFF
A GLOBAL INFLECTION POINT

Brookings established the International Advisory Council, a group of distinguished international business and community leaders, to extend its outreach and relevance to other countries and increase its ability to inform the American public and policymakers about global developments.

Members—who represent 23 countries on six continents—provide invaluable insights and diverse perspectives on issues in their own regions, along with candid insights into how America and its policies are perceived abroad.

Members of the Council convene for an annual meeting each spring and engage with Brookings experts throughout the year in Washington and in their home countries around the world.

At the 2016 annual meeting, the group discussed the governance, finance, and inclusion issues facing cities around the world and how they are forging a global network to grow economically and share solutions to common problems. They also examined the fight against ISIS and other international challenges, from Brexit to a rising China to Europe’s refugee crisis to the future of the liberal international order. Rising populism and prospects for the 2016 U.S. presidential election led to lively discussions, as did the outlook for the global economy and broadly shared growth.

As they do at each annual meeting, members of the International Advisory Council offered their views on the issues in the headlines today, as well as those over the horizon that the world should be paying attention to now.

Members of the International Advisory Council participate in a panel discussion on achieving broadly shared growth at the 2016 annual meeting.

Trustees and Co-Chairs of the International Advisory Council Antoine van Agtmael (LEFT) and Paul Desmarais, Jr.
International Advisory Council Members

Antoine W. van Agtmael
Co-Chairman of the IAC
Senior Adviser
Garten Rothkopf

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

Mohammed Mahfoodh Alardhi
Executive Chairman
Investcorp International Inc.
Oman

Rahul Bajaj
Chairman
Bajaj Auto Limited
India

Hakeem Belo-Osague
Chairman
Etsalat Nigeria
Nigeria

Nicolas Berggruen
Chairman
Berggruen Holdings
United States

George David
Chairman
Coca-Cola Hellenic Bottling Company
Greece

Sir Mick Davis
Founding Partner
X2 Resources Limited
U.K.

Haluk Dinçer
President, Retail and Insurance
Sabancı Holding
Turkey

Pablo González-Guájardo
Chief Executive Officer
Kimberly-Clark de México
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Patrick Pouyanné
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Total S.A.
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EXEA
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Itamar Rabinovich
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Israel Institute
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South Korea

Kihak Sung
Chairman and CEO
Youngone Corporation
South Korea

Marcus Wallenberg
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Skandinaviska Enskilda Banken AB
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Yuanqing Yang
Chairman and CEO
Lenovo
China

Dieter Zetsche
Chairman
Daimler Corporation
Germany

PHOTO: BROOKINGS DOHA CENTER
H.E. Abdullah Hamad Al Attiyah addresses a BDC energy forum

PHOTO: BROOKINGS INDIAN
Piyush Goyal, Minister of State with Independent Charge for Power, Coal, New and Renewable Energy and Mines (RIGHT), and BIC Chairman Vikram Mehta

Brookings’s centers in Beijing, Delhi, and Doha provide the ability to engage in the policy debate in key world capitals, expanding its global reach and informing its research on a range of issues.

Brookings Doha Center (BDC)

BDC Director Tariq Yousef is expanding the Center’s research agenda to economic development issues in the Arab world. BDC experts convened a Syria Track II Dialogue whose participants later served as official delegates to the Geneva process on ending the conflict. Director of Research Sultan Barakat’s critical review of the Gaza reconstruction process helped the UN re-evaluate its role.

Brookings India Center (BIC)

Chaired by Vikram Mehta, BIC contributes to positive changes in an array of government policies. Shamika Ravi’s and Rahul Ahluwalia’s analysis of India’s health policy brought government attention to quality control issues. Rahul Tongia contributed to India’s National Energy Plan and its preparations for COP21 in Paris. Former National Security Adviser Shivshankar Menon joined BIC as a Distinguished Fellow and Dhruva Jaishankar as a foreign policy fellow, adding important new capacity on foreign policy and defense issues.

Brookings-Tsinghua Center (BTC)

BTC scholars’ research on low-carbon development in China contributed a key component of the China Advisory Council on Energy’s plan. Led by Director Qi Ye, the BTC was ranked among China’s top 10 think tanks and, with President Xi Jinping declaring think tanks a national strategic priority, BTC is adding new Chinese scholars to build on this opportunity.
Since its founding in 1916, Brookings’s work has been driven by the generous support of donors who share its commitment to high-quality, independent research and impact on policymaking. Resources from individuals, foundations, corporations, and others who contribute to Brookings enable its experts to pursue in-depth research on the most pressing issues facing decisionmakers and to anticipate the complex challenges that will be in the headlines in the future. Through all of their work, Brookings scholars focus on developing practical recommendations that go beyond addressing the symptoms of problems to getting at their root causes. Brookings is grateful to its donors for their support in improving governance.
for the philanthropic investments that make these contributions to problem-solving possible.

**Second Century Campaign: Building the Foundation for Future Impact**

Brookings launched its historic Second Century Campaign in 2013 to bolster the Institution’s capacity to meet the greatest public policy challenges of our time. The Campaign’s key priorities are rooted in the Institution’s core values of quality, independence, and impact and, together, contribute to the long-term financial health of Brookings and its ability to achieve real impact on public policy. The Campaign seeks to enable Brookings to recruit and retain the best scholars across academic disciplines, give the president and research program vice presidents the flexibility to respond to sudden developments and launch new research efforts, and develop new impact tools and strategies that broaden audiences. The Second Century Campaign is a comprehensive campaign, so the total also includes the many generous contributions to the annual fund, which provides critical unrestricted support for Brookings’s operations, as well as restricted support for specific projects within the programs.

The Campaign has already had a tangible impact on Brookings and its work. For example, Trustee and Campaign Chair Glenn Hutchins established the Hutchins Center on Fiscal & Monetary Policy, bringing important capacity to improve the quality and efficiency of fiscal and monetary policy and increase public understanding of them. Under the leadership of Director David Wessel and Policy Director Louise Sheiner, the Center’s research and analysis are making major contributions to the public economic debate, and the launch in 2016 of the Fiscal Ship game has brought these issues to a wider audience in an interactive, accessible way.

Four new chairs in the Center for East Asia Policy Studies endowed during the course of the Campaign are enabling Brookings to play a leading role in helping policymakers and the public understand the dynamics
of the region, U.S. relations with the countries there, and how developments in East Asia affect global security and the economy. Trustee Philip Knight created the Philip H. Knight Chair in Japan Studies, held by Senior Fellow Mireya Solís; the Koo family of Taiwan established the Chen-Fu and Cecilia Yen Koo Chair in Taiwan Studies, held by Center Director Richard Bush; SK Corporation and the Korea Foundation joined forces to create the SK-Korea Foundation Chair in Korea Studies, first held by Katharine H.S. Moon; and a consortium of funders came together to establish the Lee Kuan Yew Chair, which rotates among experts on different Southeast Asian nations. By establishing these endowed chairs, these generous donors have strengthened Brookings’s capacity and contributed to the sustainability of its work on a critical part of the world.

New resources contributed during the Campaign provide important support to Brookings’s efforts in health policy as well. Most recently, a gift from Trustee Leonard Schaeffer enabled the launch of a joint effort between the University of Southern California’s Leonard D. Schaeffer Center for Health Policy & Economics and Brookings’s Center for Health Policy. Under the leadership of Senior Fellow Paul Ginsberg, the new Leonard D. Schaeffer Initiative for Innovation in Health Policy will tackle some of the nation’s most pressing health care problems including the future of Medicare as costs continue to rise, shaping the Affordable Care Act to improve outcomes, and maximizing the value of innovation in drugs and devices. This contribution follows a previous investment from the Irene Diamond Fund, which gave a major gift for research on innovations that can help reduce growth in medical spending. Thanks to these and other gifts, Brookings is recognized as a leader in the field of health care.

In the final months of the Campaign, Brookings remains focused on continuing to strengthen the Institution and build new and greater capacity
to engage with stakeholders, framing the public debate over policy issues, and developing pragmatic, effective solutions. The many donors who have contributed to the Campaign are vital parts of the Brookings family and the Institution is grateful for their engagement and support.

**Major Support for Brookings 2.0 and Foreign Policy**

The Carnegie Corporation of New York was one of Brookings’s first donors, pledging $1.65 million over 10 years in 1922 to establish the Institute of Economics, which eventually merged with the Institute for Government Research and the Robert S. Brooking Graduate School to become today’s Brookings Institution. Over the following decades, the Carnegie Corporation has generously supported work across the Institution, with a particular interest in work on foreign policy, democracy, elections and government, and the economy. In 2016, Carnegie made a major investment toward the goals of the Brookings 2.0 strategic plan with a gift to the President’s Special Initiatives Fund. These flexible resources will enable Brookings to implement Brookings 2.0, making for a stronger, more sustainable Institution over the long term. Carnegie also made a new investment in the Foreign Policy program, renewing support for work across the full range of international challenges facing policymakers, along with a grant to the Governance Studies program in support of research and analysis to support an efficient and effective transition at the Department of Homeland Security ahead of the 2017 presidential inauguration.

**Responding to the Challenges and Promise of Global Urbanization**

Trustee Steve Denning and his wife Roberta made a gift to Brookings through the Sage Foundation to support the work of Bruce Katz as the inaugural Centennial Scholar at Brookings. In this capacity, Katz is working across programs and with counterparts outside of Brookings to bring a breadth of skills and expertise to the many issues that face leaders at all levels of government. As they grapple with global trends that reflect increasing numbers of people living in cities and the devolution of responsibility from national governments, local policymakers are looking for new models of finance and sources of economic growth.

**Brookings Welcomes Six New Trustees**

Brookings elected six new Trustees to the Board in 2016, joining a distinguished group of business, community, and academic leaders who help govern the affairs of the Institution. The Board, which meets three times annually, reviews Brookings’s administration and finances, and safeguards the independence of the Institution’s work. Brookings warmly welcomes its newest members to the Board of Trustees.
To help these places thrive and compete in the global economy, the Centennial Scholar team is applying rigorous research grounded in data and experience to identify successful practices that can be replicated and innovative ideas that can be tested and scaled up. With the resources provided by the Sage Foundation, the Centennial Scholar Initiative is fostering collaboration with leading experts in Brookings’s Foreign Policy, Global Economy and Development, and Metropolitan Policy Programs to devise smart and effective strategies to solve critical challenges and take advantage of new opportunities to build on cities’ strengths.

**Support for the Premier Economic Journal**

The *Brookings Papers on Economic Activity* (BPEA) provides timely research on current economic issues to academic and business economists, government officials, and members of the financial and business communities. Established in 1970, the biannual publication was the first conference series and journal to focus on cutting-edge research about real world policy issues. Under new editors Janice Eberly and James Stock, BPEA continues to attract world-renowned economists as contributors and respondents and draw wide attention from influential audiences. In 2016, State Farm Mutual Automobile Insurance Company made a new commitment to Economic Studies that includes major support over three years for BPEA, helping sustain this important resource. The company’s generous commitment also includes support for a broad range of work being conducted in Economic Studies.

Brookings is grateful for the generous support of all the donors who make its experts’ work possible.
The Robert S. Brookings Society offers emerging business and community leaders unique opportunities to participate in in-depth policy discussions with Brookings experts and their peers. With 60 members in six chapters across the country, the Society is enjoying robust growth and developing into a national network of thoughtful, engaged people who share Brookings’s commitment to quality research and analysis of the most pressing issues facing decisionmakers.

This year, the Society calendar included a conversation on foreign policy and urbanization with Brooking President Strobe Talbott, Director of the John L. Thornton China Center Cheng Li, and Centennial Scholar Bruce Katz in the Hamptons; a discussion on nuclear weapons and national security with Senior Fellow Dan Byman, research director of the Center for Middle East Policy; an examination of next steps coming out of the Paris climate conference with Senior Fellow Amar Bhattacharya; and a briefing on ISIS from Senior Fellow Will McCants, director of the U.S. Relations with the Islamic World project.

The centerpiece of the Society’s activities was the Robert S. Brookings Society Summit, which brought members together in Washington in March 2016 for a focused day of discussions with Brookings experts, Trustees, and leadership. The wide-ranging agenda included briefings on the presidential election from Elaine Kamarck, director of the Center for Effective Public Management, and on the U.S. economy, climate, and energy from David Wessel, director of the Hutchins Center on Fiscal and Monetary Policy, and Adele Morris, policy director of the Climate and Energy Economics Project. These were followed by breakout discussions with two of Brookings’s rising star scholars, Martha Ross and Joseph Parilla of the Metropolitan Policy Program, and a conversation with Tamara Wittes, director of the Center for Middle East Policy.

Looking ahead, Brookings will continue growing the Society as a resource for up-and-coming leaders who represent the future of the public and private sector. To help guide this growth, the Society is developing a regional leadership structure that will include chairs of each of the four primary chapters. The chairs will continue building the Society by recruiting new members, identifying ideas for programming, and fostering other productive communications and connections with the Institution. Brookings is grateful to the Society for its thoughtful engagement and contributions to the policy debate at Brookings.
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Program Leadership Councils in each of Brookings’s five research programs offer business, community, and philanthropic leaders opportunities to engage in substantive discussions on pressing issues and contribute to strategies for maximizing the impact of the Institution’s independent research. The Councils convene throughout the year for briefings from senior policymakers and Brookings experts, workshops, and other activities that deepen their understanding of policy.

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Obafolajim (Oba) Otudeko
Ibrahim Onur Oz
Jason Palmer
Steven Pearson
Marc Peters
Eric Pickering
Steven Pifer
Philip A. Piro
Samuel Plimpton
Jonathan Fantini Porter
Andrew Rasmussen
Jason Richay
Mustafa Riffat
Jonathan M. Robins
Terrance Rogers
Brian Rose
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Blair Ruble
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## STATEMENT OF ACTIVITIES

**Years Ended June 30, 2016 and 2015 (in thousands)**

**Preliminary and Unaudited**

### OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Category</th>
<th>UNRESTRICTED</th>
<th>TEMPORARILY RESTRICTED</th>
<th>PERMANENTLY RESTRICTED</th>
<th>FY 2016 TOTAL</th>
<th>FY 2015 TOTAL</th>
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</thead>
<tbody>
<tr>
<td><strong>Revenue and Support</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Investment return designated for operations</td>
<td>$10,755</td>
<td>$4,343</td>
<td></td>
<td>$15,098</td>
<td>$14,416</td>
</tr>
<tr>
<td>Grants, contracts, and contributions</td>
<td>9,109</td>
<td>79,197</td>
<td>$533</td>
<td>88,839</td>
<td>76,742</td>
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<tr>
<td>Brookings Press</td>
<td>1,715</td>
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<td>1,710</td>
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<tr>
<td>Facility and other revenue</td>
<td>3,081</td>
<td>(236)</td>
<td></td>
<td>2,845</td>
<td>2,482</td>
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<td>Net assets released from restrictions</td>
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<td></td>
<td></td>
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<tr>
<td>Satisfaction of program restrictions</td>
<td>76,728</td>
<td>(76,728)</td>
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<td></td>
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<tr>
<td><strong>Total Operating Revenue</strong></td>
<td>101,388</td>
<td>6,576</td>
<td>533</td>
<td>108,497</td>
<td>95,350</td>
</tr>
</tbody>
</table>

### OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Category</th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td><strong>Program Services</strong></td>
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<tr>
<td>Economic Studies</td>
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<td>18,045</td>
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<td>Foreign Policy</td>
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<td>18,379</td>
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<td>Global Economy and Development</td>
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<td>10,321</td>
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<td>Governance Studies</td>
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<td>7,337</td>
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<tr>
<td>Metropolitan Policy Program</td>
<td>10,056</td>
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<td>10,056</td>
<td>11,628</td>
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<tr>
<td>Institutional Initiatives</td>
<td>8,296</td>
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<td>6,032</td>
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<tr>
<td>Brookings Press</td>
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<td>2,566</td>
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<tr>
<td>Communications</td>
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<td>2,622</td>
<td>2,444</td>
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<tr>
<td><strong>Total Program Services</strong></td>
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<td></td>
<td>75,829</td>
<td>76,752</td>
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<td><strong>Supporting Services</strong></td>
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<td>Management and General</td>
<td>21,486</td>
<td></td>
<td></td>
<td>21,486</td>
<td>24,429</td>
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<tr>
<td>Fundraising</td>
<td>3,395</td>
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<td>3,395</td>
<td>3,152</td>
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<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>100,710</td>
<td></td>
<td></td>
<td>100,710</td>
<td>104,333</td>
</tr>
<tr>
<td><strong>Net Operating Activity</strong></td>
<td>678</td>
<td>6,576</td>
<td>533</td>
<td>7,787</td>
<td>(8,983)</td>
</tr>
<tr>
<td>Change in net assets before non-operating activities</td>
<td>678</td>
<td>6,576</td>
<td>533</td>
<td>7,787</td>
<td>(8,983)</td>
</tr>
</tbody>
</table>

### NON-OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Category</th>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment return in excess of amounts designated for operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Realized gain (loss) on sale of investments</td>
<td>7,925</td>
<td>3,809</td>
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<td>11,734</td>
<td>11,822</td>
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<tr>
<td>Unrealized gain (loss) from investments</td>
<td>(9,063)</td>
<td>(3,819)</td>
<td></td>
<td>(12,882)</td>
<td>(11,483)</td>
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<tr>
<td>Interest and dividends, net</td>
<td>981</td>
<td>534</td>
<td></td>
<td>1,515</td>
<td>9,504</td>
</tr>
<tr>
<td>Investment return designated for operations</td>
<td>(10,755)</td>
<td>(4,343)</td>
<td></td>
<td>(15,098)</td>
<td>(14,416)</td>
</tr>
<tr>
<td><strong>Total investment return (loss) in excess of amounts designated for operations</strong></td>
<td>(10,912)</td>
<td>(3,819)</td>
<td></td>
<td>(14,731)</td>
<td>(4,573)</td>
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<tr>
<td><strong>Other Non-Operating Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on Bond Debt Refinancing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Non-Operating Activities</strong></td>
<td>(10,912)</td>
<td>(3,819)</td>
<td></td>
<td>(14,731)</td>
<td>(13,321)</td>
</tr>
<tr>
<td>Change in net assets before post-retirement related changes other than net periodic post-retirement benefit cost</td>
<td>(10,234)</td>
<td>2,757</td>
<td>533</td>
<td>(6,944)</td>
<td>(22,304)</td>
</tr>
<tr>
<td>Post-retirement related changes other than net periodic post-retirement pension cost</td>
<td>319</td>
<td></td>
<td></td>
<td>319</td>
<td>(23)</td>
</tr>
<tr>
<td><strong>CHANGE IN NET ASSETS</strong></td>
<td>(9,915)</td>
<td>2,757</td>
<td>533</td>
<td>(6,625)</td>
<td>(22,327)</td>
</tr>
<tr>
<td>Net assets, Beginning of year</td>
<td>202,145</td>
<td>135,008</td>
<td>83,737</td>
<td>420,890</td>
<td>443,217</td>
</tr>
<tr>
<td>Net assets, End of year</td>
<td>$192,230</td>
<td>$137,765</td>
<td>$84,270</td>
<td>$414,265</td>
<td>$420,890</td>
</tr>
</tbody>
</table>

*Preliminary and Unaudited*
### STATEMENT OF FINANCIAL POSITION

As of June 30, 2016 and 2015 (in thousands)

**Preliminary and Unaudited**

<table>
<thead>
<tr>
<th></th>
<th>2016 TOTAL</th>
<th>2015 TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$21,176</td>
<td>$21,132</td>
</tr>
<tr>
<td>Grants, contributions and accounts receivable, net</td>
<td>81,927</td>
<td>74,144</td>
</tr>
<tr>
<td>Investments – Endowment</td>
<td>311,060</td>
<td>320,925</td>
</tr>
<tr>
<td>Investments – Other</td>
<td>18,655</td>
<td>21,387</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>37,315</td>
<td>39,455</td>
</tr>
<tr>
<td>Other assets</td>
<td>3,674</td>
<td>5,020</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>473,807</td>
<td>482,063</td>
</tr>
<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>6,539</td>
<td>6,954</td>
</tr>
<tr>
<td>Notes payable and lines of credit</td>
<td>47,620</td>
<td>48,339</td>
</tr>
<tr>
<td>Accrued compensated leave</td>
<td>2,043</td>
<td>2,083</td>
</tr>
<tr>
<td>Accrued post-retirement benefit obligation</td>
<td>1,788</td>
<td>2,107</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>1,552</td>
<td>1,690</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>59,542</td>
<td>61,173</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>192,230</td>
<td>202,145</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>137,765</td>
<td>135,008</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>84,270</td>
<td>83,737</td>
</tr>
<tr>
<td><strong>TOTAL NET ASSETS</strong></td>
<td>414,265</td>
<td>420,890</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td>$473,807</td>
<td>$482,063</td>
</tr>
</tbody>
</table>

**Notes:**

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

Brookings's 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.*
**BY THE NUMBERS**

**JULY 1, 2015 - JUNE 30, 2016**

- **Rating on Charity Navigator** including 100% for Accountability and Transparency
- **64%** one year increase in YouTube subscribers
- **34%** one year increase in followers of @BrookingsInst on Twitter
- **30%** one year increase in website traffic for brookings.edu
- **71%** one year increase in Facebook followers
- **244** public events attended by 23,000 people; 84 were webcast with 76,707 viewers
- **33** times Brookings scholars testified before Congressional committees
- **37** books published by the Brookings Press, including 4 Brookings Classics
- **171,078** page views for the Arabic version of The Believer, a Brookings Essay by Senior Fellow Will McCants
- **#1** Rank in the University of Pennsylvania’s “2015 Global Go To Think Tank Index” including Best Managed, Best Quality Assurance and Integrity Policies and Procedures, and Most Significant Impact on Public Policy

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