

Support for Brookings

Investing in Impact

On its 90th anniversary, the Brookings Institution is grateful to the generous individuals, corporations, and foundations whose support created the Institution, and for those who continue to support its independent research and innovative policy solutions. Each gift helps enable Brookings to inform the public debate and provide high-quality analysis and recommendations for decision-makers in the United States and abroad.

Ninety years ago, Robert S. Brookings aspired to create an institution that would provide unbiased information to guide policy-makers through their toughest decisions. Others who became financial investors in the new organization shared his goal. Corporations and philanthropic foundations soon joined these individuals to provide the resources to build an enduring research institution.

Started with a grant of \$160,000, the Brookings Institution has grown to an annual budget of more than \$50 million. Early funding for the organization's programs came from the Carnegie Corporation, the Rockefeller Foundation, and the Ford Foundation. These supporters and many more continue to collaborate with the Institution today. As the Brookings Institution neared its 50th anniversary in 1966, a major gift established an endowment to ensure that it would be able to maintain itself independently.

Today, the Brookings endowment has grown to \$253 million, providing approximately 25 percent of the Institution's annual budget. Brookings must raise the balance of its annual budget from individuals, corporations, and foundations that share our commitment to finding innovative, practical solutions to pressing public policy challenges.

Brookings is guided by a commitment to quality, independence, and impact. To maintain quality, the Institution must attract and retain the best scholars. To maintain independence, decisions on the right questions to ask and the right way to arrive at the answers must always remain in the hands of the scholars. To maintain impact, the Institution must reach out strategically to influential audiences in the policy-making community, the media, and the private sector, at a time of increasing competition from a proliferation of news outlets and the establishment of numerous new think tanks.



Linda Steckley, vice president of development, addresses Brookings Trustees and members of the International Advisory Council, as IAC member Frank Lowy of Westfield Holdings looks on.

Brookings carefully balances its funding to respond to current events and undertake long-term research projects. As new challenges emerge, friends of the Institution generously contribute to make new research possible, while flexible funding from unrestricted contributions and the endowment enable rapid responses to developing issues. The corporations, individuals, and foundations that support Brookings are crucial to the Institution's ability to live up to its motto: Independent Research Shaping the Future.

Individuals, and Community and Business Leaders, Actively Engaged in Brookings

The Brookings Council brings together a select group of thoughtful business and community leaders who are actively engaged in the life of the Institution, and who get a first look at Brookings research on a wide range of urgent issues.

Members of the Council are invited to attend events in cities from coast to coast, giving them excellent opportunities to engage with some of the best public policy minds in the world today, as well as with each other.

This interaction between Council members and Brookings scholars was highlighted at the 2006 Annual Brookings Council Forum in New York. The topic, "Strengthening American Leadership and Competitiveness," brought together some of Brookings's leading experts to discuss one of the most challenging topics facing the U.S. today. The open discussion, moderated by Brookings President Strobe Talbott, conveyed what is the essence of Brookings: a multidisciplinary approach offering differing opinions with no ideological

agenda. Council members actively participated, posing questions and offering their own informed responses, and giving Brookings scholars a chance to hear what is on the minds of Council members and reply with up-to-the-minute analysis.

The Brookings Council comprises more than just donors; they are supporters with a shared interest in the advancement of independent public policy research. The Brookings endowment generates funding for approximately 25 percent of the annual operating budget, but the remaining 75

A Legacy of Impact: John C. Whitehead

Since its creation 90 years ago, in 1916, Brookings has been the beneficiary of the foresight and generosity of its founder, Robert S. Brookings, as well as hundreds of other benefactors who believe that a strong government is built on sound public policy. One such leader is John C. Whitehead.

A former chairman and CEO of Goldman Sachs, Whitehead knew a good investment when he saw one. He became chairman of the Brookings Board of Trustees in 1992. He had served on the Board for three years before his election as chairman—long enough to know that Brookings was well run.

Exemplifying the values he held then and still holds, Whitehead made an endowment gift of \$1.5 million to Brookings in 1992 to establish the John C. and Nancy D. Whitehead Chair. With this

investment, he set an example of leadership for other members of the Board to follow. Whitehead designated the chair for Institution-wide purposes. This demonstrated his profound understanding that the Institution derives maximum benefit from gifts that provide the widest possible latitude in their use.

In 2006, when the value of the Whitehead Chair had increased to \$2.4 million, Whitehead added a \$1 million bequest to the existing chair in recognition of the sound management of the Institution under Strobe Talbott. Whitehead's generous act will further strengthen the financial stability of the Institution and reinforce his enduring legacy.

Whitehead has exemplified leadership in every aspect of his professional life in the corporate, government, and nonprofit sectors. Among his many corporate and public service accomplishments, he served as

deputy secretary of state; co-chairman and senior partner of Goldman, Sachs & Company, where he worked for 37 years; and as chairman of the Lower Manhattan Development Corporation from 2001 to 2006. Currently, he is chairman of the World Trade Center Memorial Foundation.

The Brookings Institution stands on three pillars—quality, independence, and impact. Whitehead affirms the important role that scholars play in ensuring that their work has impact. "Brookings scholars should want to influence public policy, and that means that they should eagerly seek opportunities to testify before Congress, to write op-ed pieces, to appear on television, to be newsmakers and visible figures in the field."

Brookings Senior Fellow Gary Burtless, who holds the John C. and Nancy D. Whitehead Chair, engages in public outreach work to ensure that his research becomes part of



JOE STANDAERT PHOTOGRAPHY, NEW YORK, NY

John C. Whitehead

public policy formation. His work garnered widespread attention when Social Security reform was at the top of President Bush's domestic policy agenda. Burtless has been helping the Social Security Administration develop methods for improving forecasts of individual earning over the life cycle. Many of his recommendations were incorporated into the administration's proposals for how private accounts

might be administered. Endowment and planned gifts, like those made by John Whitehead, provide for the ongoing work of scholars such as Burtless and the long-term vitality and financial strength of the Institution. These fundamental resources have a profound effect on Brookings's ability to inform the public policy debate and have an impact on the formation of innovative public policy solutions for the nation—and the world. ■

International Advisory Council

The International Advisory Council (IAC) was established to help Brookings create a meaningful dialogue with international business leaders, extend its outreach and relevance to other countries, and increase its ability to inform the American public and policy-makers about perceptions in other parts of the world. The members—leaders in their industries who represent 18 countries on five continents—are already providing invaluable advice and support for Brookings as it becomes an increasingly global think tank. They offer their diverse perspectives on developments in their own regions, along with candid insights into how America and its

policies are received. Chaired by Brookings Trustee Antoine van Agtmael, the Brookings International Advisory Council held its inaugural meeting in Washington, May 8–9, 2006. The goal of the meeting was to sort through conflicting political and economic signals and make sense of an interdependent world at a complex time. The founding members of the IAC interacted with Brookings scholars, trustees, and key senior officials from the Bush administration, including Secretary of Defense Donald Rumsfeld, Under Secretary of Defense for Policy Eric Edelman, Assistant to the President for National Security Affairs Stephen Hadley, and Director

of National Intelligence John Negroponte.

International Advisory Council Members

Antoine van Agtmael, President & CIO, Emerging Markets Management, LLC, Chairman
 Roger Agnelli, Managing President, Companhia Vale do Rio Doce, Brazil
 Mukesh Ambani, Chairman, Reliance Industries, India
 Rahul Bajaj, Chairman, Bajaj Auto Limited, India
 James Balsillie, Chairman & Co-CEO, Research in Motion, Canada
 Antony Burgmans, Chairman, Unilever, The Netherlands
 Gustavo A. Cisneros, Chairman & CEO, Cisneros

Group of Companies, Venezuela
 Ricardo Claro, Chairman, Compañía Sud Americana de Vapores, Chile
 Victor Fung, Chairman, Li & Fung Limited, Hong Kong
 Kazuo Furukawa, President, Hitachi, Ltd., Japan
 Sheikh Hamad Bin Jassim Bin Jabr Al-Thani, First Deputy Prime Minister and Foreign Minister, Qatar
 Nemir Kirdar, President & CEO, Investcorp, United Kingdom, originally from Iraq
 Anne Lauvergeon, Chair & CEO, AREVA Group, France
 Frank Lowy, Chairman, Westfield Holdings, Australia
 Philip Mallinckrodt, Global Head of Corporate Development, Schroders, PLC, United Kingdom

Katsuhiko Nakagawa, Vice Chairman, Toyota Motor Corporation, Japan
 Hutham Olayan, President & CEO, Olayan America Corporation, originally from Saudi Arabia
 Victor Pinchuk, Founder, Interpipe Group, Ukraine
 Marco Tronchetti Provera, Chairman & CEO, Pirelli S.p.A., Italy
 Itamar Rabinovich, President, Tel Aviv University, Israel
 Wanda Rapaczynski, Chairman & President, Agora, Poland
 Nathaniel Rothschild, President, Atticus Capital, United Kingdom
 Marcus Wallenberg, Chairman, Skandinaviska Enskilda Banken AB, Sweden ■

percent comes from the generous support of Brookings's donors. As Brookings's leading benefactors, members of the Council provide the fundamental resources that allow the Institution to fulfill its critical mission of independent research and innovative policy solutions. The commitment of the Brookings Council is key to the continued success of Brookings and its ability to provide high-quality analysis and realistic policy recommendations.

Individual council members seeking deeper involvement on specific topics also contribute pivotal funding for projects within Brookings programs. While all Brookings projects are essential to the policy debate, many of them could not be undertaken without the support of the Brookings Council. The Council's backing guarantees that Brookings scholars can examine major issues ranging from U.S. competitiveness and health policy, to national budgeting and global energy security. Many Brookings initiatives include Coun-

cil donors in specialized advisory committees, creating further opportunity for them to interact with scholars on vital issues. This partnership is essential for Brookings ideas to have the greatest impact.

Corporate Investment in Brookings Ideas

Corporate leaders have long supported Brookings because they value the insight and analysis that our researchers provide on the pressing issues that affect their business decisions. In 1920, a group of 92 corporate donors joined founder Robert S. Brookings and 12 other individuals in establishing a five-year sustaining fund to ensure the Institution's survival through its critical early years. Since then, we have continued to rely on the financial and intellectual support of the world's leading businesses.

Among the many companies that funded Brookings in 2006, several stand out for their generous gifts of \$100,000 or more. These donors include AT&T, Allstate, DaimlerChrysler, ExxonMobil,

Reliance Industries, State Farm, and Visa. The resources provided by these companies helped Brookings to increase its capacity to conduct impartial, independent research on important economic, governance, and foreign policy questions of the day.

Over the past year, corporate donors had the opportunity to participate in a variety of events featuring leading policy-makers and Brookings scholars. The First Monday Lunch series continues to be the cornerstone of the Washington, D.C.-based Corporate Council



RALPH ALSWANG

Nemir Kirdar (left) of Investcorp speaks with Javier Solana of the European Union at the inaugural IAC meeting in May 2006.

program and the primary venue for discussion with Brookings scholars.

The Brookings Council Forum in New York in February gave corporate Council members the opportunity to engage with scholars from across the Institution. At the Chairman's Lunch, which is open to major donors, Board Chairman John L. Thornton focused the discussion on China, where he holds the position of professor and director of the Global Leadership Program at Tsinghua University in Beijing. As with all of our events, the active participation of Council members gave our scholars a chance to hear the real-world comments of the business community and respond with informed analysis.

In September 2005, Brookings and Goldman Sachs convened a two-day conference in New York on the Top 10 Financial Risks to the Global Economy. Following a welcome from Henry Paulson, then-chairman and CEO of Goldman Sachs, scholars from Brookings and elsewhere led panel discussions on hedge funds and derivatives, the world oil supply, wealth disparities in emerging economies, trade liberalization, environmental accords,

global terrorism, and world health conditions.

Brookings scholars expanded their work on health policy in 2006 as we continued to develop plans for a center on health policy. Brookings gathered the nation's leading health care experts and stakeholders for a series of forums to discuss policy and industry perspectives on health care costs, health care rationing, and employment-based insurance. With the growing impact of health care costs on the bottom line, the input of corporate leaders is especially important. Senior executives from Eli Lilly, WellPoint, General Electric, and Costco participated in forum panels and shared their experiences and insights.

The Vital Role of Foundations

Private foundations have been central to sustaining Brookings's activities since the Institution's founding. The Rockefeller Foundation provided funding for early studies on improving government

MARSHALL COHEN

Brookings Trustee Larry Thompson (left), Edward Ingle of Microsoft, and Mark McClellan, former administrator for the Centers for Medicare and Medicaid Services who has joined Brookings as a visiting senior fellow.



operations. A 10-year, \$1.65 million grant from the Carnegie Corporation of New York enabled the Institution to build and sustain research programs addressing the pressing issues of the post-WWI world. In later years, a \$5 million grant from the Ford Foundation supported continued growth of Brookings's programs, while another \$1.2 million grant from Ford supported the construction of Brookings's headquarters in Washington. In the 1960s, the Ford Foundation made a \$14 million grant that helped build the Institution's endowment and provide invaluable operating support over 10 years. These same foundations continue to support Brookings today.

Brookings is grateful for the long-standing support of the many private foundations whose generosity has helped sustain the Institution over the last 90 years. Several made particularly important contributions to Brookings this past year.

The **Ford Foundation** supported Brookings with nearly \$1.75 million in grants, provid-

ing critical resources for projects across the Institution. Ford supported a study of intergenerational asset building in Ecuador, including conferences and papers. The recommendations coming out of this study are encouraging a rethinking of support programs for the poor that can be replicated in other developing countries. Another Ford grant supported economist Jeffrey Kling's new work that is beginning to examine how families make decisions about use of Earned Income Tax Credit (EITC) refunds, the role of the EITC in asset accumulation, and perceptions of incentives due to the EITC. The Ford Foundation also continued to be a core supporter of Brookings's Metropolitan Policy Program, making grants for research and policy development initiatives to improve the economic, fiscal, environmental, and social health of metropolitan areas across the country.

Living Cities: The National Community Development Initiative, a partnership of philanthropic, corporate, and government

investors, is another key supporter of the work of the Metropolitan Policy Program. Living Cities and the Metropolitan Policy Program's shared commitment to rejuvenating urban neighborhoods led to a policy development and outreach project to understand the social and economic impact of Hurricane Katrina. Living Cities also extended its generous support of the Metropolitan Policy Program's analysis of Census data, which provides leaders in the public, private, and nonprofit sectors with a deeper understanding of the demographic dynamics of cities and suburbs and what those dynamics mean for policy.

The Brown Foundation, Inc. of Houston renewed its five-year, \$1 million grant to Brookings to support the Brown Center Report on American Education. This flagship annual publication of the Brown Center on Education Policy effectively bridges scholarship and public policy by informing the public debate on American education and academic achievement. With the support of the Brown Foundation, the report and the Brown Center's other research

and outreach activities have established the center as a premier source of informed research on education policy issues.

The **Starr Foundation** has been a critical supporter of the center for Northeast Asian Policy Studies (CNAPS) since it helped establish the center in 1998 with a five-year, \$1 million grant. In 2006, Starr renewed its commitment to Brookings's work on the region with a two-year grant for CNAPS activities. The Starr Foundation's grant supports research, publications, conferences, and seminars in Washington and Asia, and provides vital resources for the CNAPS visiting fellows program, which welcomes scholars, government officials, and journalists from throughout Northeast Asia for intensive residencies at our Washington headquarters.

Brookings is grateful to all of its foundation donors for their generous support of the Institution. The resources they provide are a vital part of the Institution's ability to fulfill its commitment to quality, independence, and impact. ■



Hutham Olayan, CEO of Olayan America Corporation, addresses the International Advisory Council and the Board at the May 2006 meeting, including Honorary Trustee Ezra K. Zilhka (right).

RALPH ALSWANG

Impact on Global Poverty: James D. Wolfensohn

James D. Wolfensohn, a member of the Brookings Board of Trustees since 1983, has seen firsthand the challenges of global poverty during his tenure as the president of the World Bank and as Special Envoy to the Middle East with the task of overseeing the economic rehabilitation of the Palestinian territories after Israel's disengagement from Gaza.

Wolfensohn's commitment to fighting global poverty and improving the effectiveness of national and international development efforts led him to establish the Wolfensohn Center for Development, an integral part of the new Global Economy and Development Program at Brookings.

Wolfensohn generously provided in 2005 an initial grant of \$1 million to support practical, innovative, and action-oriented research related to combating global poverty. In 2006, he further committed to raise a minimum of \$10 million for the next five years and to contribute personally at least half the amount. His extraordinary support enables Brookings to redouble its commitment to the study of poverty on a national, regional, and global scale.



COURTESY OF JAMES D. WOLFENSOHN

The center's mission is to conduct interdisciplinary research on the central question in development policy: how promising interventions can be successfully implemented, scaled up, and sustained to solve key development challenges. The new center will be led by executive director Johannes Linn, who also guided its preparation for the past year.

"I am pleased that the center's research will focus on how to scale up and sustain successful develop-

ment interventions. I have seen too many good initiatives wither away because of political and bureaucratic obstacles and a lack of incentives for individuals and institutions to persevere," Wolfensohn said. "If we are to succeed in addressing the huge challenges of global poverty, demographic pressures, health and environmental threats, we have to find ways to scale up and sustain projects and programs over time. Brookings is an ideal institution to take on this work." ■

Welcoming New Leaders

The Brookings Board of Trustees is composed of distinguished business executives, academics, former government officials, and community leaders. Trustees provide general supervision of the Institution, approve the fields of scholarly investigation, and safeguard the independence of the Institution's work. We are fortunate to have a strong tradition of trustee participation in the financial support of the Institution's mission. We are pleased to welcome three new trustees to the leadership of the Institution.

ROBERT J. ABERNETHY President American Standard Development Co., Inc.	EDGAR RIOS Executive Vice President and General Counsel UnitedHealth Group	ANDREW H. TISCH Co-Chairman of the Board Loews Corporation
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