The American Enterprise Institute is a community of scholars and supporters committed to expanding liberty, increasing individual opportunity, and strengthening free enterprise. AEI pursues these unchanging ideals through independent thinking, open debate, reasoned argument, and the highest standards of fact-based research. Without regard for politics or prevailing fashion, we dedicate our work to a more prosperous, safer, and more democratic nation and world.

Located in Washington, D.C., AEI is one of America’s oldest and most influential think tanks. Its nearly sixty full-time scholars are leaders in their fields. Through their research and writings, public events, and government testimony, they stress empiricism over opinion, fact over folly, and reason over rhetoric. AEI is a 501(c)(3) nonprofit organization and is supported primarily by donations from individuals, corporations, and foundations. Gifts to AEI are fully tax-deductible. For more information about AEI, visit our website, www.aei.org.
After a campaign that seemed to go on for ages, the 2012 presidential race is finally behind us. President Obama goes into his second term with an economy that is only marginally better off than it was four years ago. In Iran, Syria, Yemen, and North Korea, the United States faces continued threats, and our military is having to do more with fewer resources. Meanwhile, from health care to financial markets, vast swaths of the American economy chug along under the crippling pall of regulatory uncertainty.

In an environment such as this, what role does the American Enterprise Institute play?

Frankly, a more important role than ever. The nature of politics is ephemeral: interest groups wax and wane in power, coalitions form and disappear, ideas drift onto the policy agenda and then back off it. Elected officials run for higher offices, get new committee assignments, lose elections. By nature and by design, our political system consists of fiercely competitive factions and transitory victories.

By contrast, AEI does not seek temporary political advantage or short-term victories. In 2013, AEI will celebrate our seventy-fifth anniversary. And throughout that time, we have been dedicated to the same fight: for free enterprise, for individual opportunity, for human freedom.

Our battle is perennial, not passing, rooted in ideas, not politics. The same year that our founders declared independence from Great Britain, Adam Smith summed up his recipe for prosperity as “peace, easy taxes, and a tolerable administration of justice.” The battle for free markets, government focused on its core competencies, and tax policies that provide revenue without squelching innovation, entrepreneurship, and growth remains a battle of ideas—and one we are embracing.

In that vein, 2012 has been a banner year at AEI. For the second year in a row, House Budget Committee Chair Paul Ryan released his budget proposal at AEI, a long-term vision for American fiscal policy. We launched the Marilyn Ware Center for Security Studies at AEI, which substantially increases AEI’s ability to monitor and analyze our nation’s long-term defense policies. Our student programs took root in over forty campuses this year, bringing meaningful discussions on the ideas of freedom, opportunity, and enterprise to the next generation of leaders. And we are in the early stages of establishing a new home for AEI in the heart of Washington, where we can begin our next seventy-five years with sufficient space to house our growing ranks of scholars, staff, and interns.

But as we look to the future, we are also mindful of the importance of decisions being made today. In 2012, AEI scholars published more than a dozen books, of which four were New York Times bestsellers. On Capitol Hill, AEI scholars testified one hundred times in the 112th Congress, more than any other think tank or research institution. And our scholars’ op-eds regularly appear in every major newspaper in the country.

We are not content to rest on our laurels; indeed, our projected growth in the coming years represents the most ambitious institutional expansion in our history. Since 100 percent of AEI’s funding comes from fewer than one thousand donors, each donor and each dollar is critical to maintain our current work while aggressively growing our capabilities for the next generation.

Make no mistake: the threats to American liberty are very real, and they are not going to be vanquished this year. This is why AEI remains a leading voice and a signal institution in the fight for our common values. We are prepared to engage in the battle of ideas throughout the next year and into the coming decades.

Thank you for standing with us.

Kevin B. Rollins  
Chairman

Arthur C. Brooks  
President
AEI scholars’ work is shaping the most important public policy debates of our time. Their intellectual firepower is educating policymakers, business leaders, journalists, and other interested individuals with ideas, analysis, and recommendations that expand liberty, strengthen opportunity, and promote free enterprise. Our scholars are looking both to issues of immediate importance and to those over the horizon. The following are examples from the past year of how AEI scholars were front and center in the public debates on some of the most critical policy challenges for our nation and world.
Wisconsin Governor Scott Walker keynotes an event with Andrew G. Biggs and Nick Schulz to discuss how his legislation has impacted Wisconsin’s fiscal health and economic growth and the resistance among national and state public employee union leaders to his efforts.

More than 240 Capitol Hill staffers attend a series of policy briefings on the Hill with AEI scholars. The week concludes with AEI President Arthur C. Brooks speaking about fairness at a Hill reception before the State of the Union address that attracts more than two hundred members and staff.

AEI hosts an event on rebuilding after the Arab Spring at which General Peter W. Chiarelli, vice chief of staff of the US Army, describes the lessons that America’s military has learned from this conflict and the steps it has taken to prepare for future interventions in the region.
The House of Representatives plans to introduce the Student Success Act and the Encouraging Innovation and Effective Teachers Act, which aim to reauthorize and fix the No Child Left Behind Act.

February

President Barack Obama releases his budget for fiscal year 2013.

Congress passes the Layoff Prevention Act of 2011 to allow employers to reduce the workweek of their employees in lieu of layoffs.

The impact of Kevin A. Hassett’s frequent writings and briefings for members of Congress on a “work share” proposal to provide for short-term compensation programs is evident. The idea slows job destruction by allowing businesses to cut back hours instead of laying off workers and enabling those workers to access partial unemployment benefits.
On the same day the House GOP releases its budget plan, House Budget Chairman Paul Ryan (R-WI) speaks at AEI about some of its major policy proposals and their implications on the American people. Hundreds either attend in person or watch the livestream, and media crews from Fox, NBC, Reuters, and CNN cover the event.

AEI hosts a briefing on Capitol Hill to explain what changes could be made to markedly improve the ESEA and facilitate school improvement.

A coalition of major organizations forms to lobby Congress for the reauthorization of the Elementary and Secondary Education Act (ESEA).

North Korea prepares to launch a missile despite international disapproval.

AEI's American Politics scholars host the fourth in its series of Election Watch events this campaign season, analyzing the races that have taken place and looking ahead to the contests to come. Celebrating its thirtieth anniversary, AEI's Election Watch series is Washington's longest-running election program.

Senator John McCain (R-AZ) and House Armed Services Committee Chairman Howard “Buck” McKeon (R-CA) keynote the unveiling of AEI's Marilyn Ware Center for Security Studies, which will substantially increase AEI's capacity to address the nation's most pressing security and defense concerns.
The monthly jobs report reveals that the unemployment rate rose to 8.2 percent.

May

News breaks that the FBI is analyzing a sophisticated underwear bomb that US officials believe was built by al Qaeda’s affiliate in Yemen in an effort to bring down a US-bound airliner.

AEI President Arthur C. Brooks releases his new book, The Road to Freedom: How to Win the Fight for Free Enterprise, which climbs the nation’s bestseller lists. Brooks embarks on a twenty-five-city book tour, and AEI secures dozens of top media opportunities to help inject the moral argument for free enterprise into the public discourse. At an AEI event, House Majority Leader Eric Cantor describes the impact that Brook’s work on earned success has had on his own thinking.

AEI’s Katherine Zimmerman releases an article in the Daily Caller the next day describing al Qaeda’s willingness to kill American citizens and the strength and size of its franchise. Zimmerman is sought for comment by the Telegraph, Financial Times, and US News and World Report and briefs a member of Congress and several State Department officials on the deteriorating security situation in Yemen.

Rep. Randy Forbes kicks off a nationwide tour to discuss the potential $1 trillion in automatic cuts threatening the defense budget.

AEI hosts Deputy Secretary of Defense Ashton Carter for a keynote speech on the US defense budget in a time of fiscal and strategic transition. Carter calls the sequestration process “irrational,” indicating that it would have “devastating” consequences. Media crews including C-SPAN, Fox Business, CNN, Pentagon Channel, and Reuters cover the event.
Federal debt held by the public climbs above $11 trillion, with total federal debt exceeding $15 trillion.

President Obama and Russian President Vladimir Putin meet for the first time since Putin returned to Russia’s top job through an election widely believed to be rigged.


Progressives highlight supposed widening of inequality in America, including the release of Nobel Prize–winning economist Joseph Stiglitz’s new book, The Price of Inequality.

Kevin A. Hassett and Aparna Mathur release a major study, A New Measure of Consumption Inequality, explaining why personal consumption—which remains relatively steady over the course of one’s lifetime—is a stronger indicator of equality and economic welfare than income. Using consumption as the relevant measure, their study reveals a narrowing gap between low- and high-income households.

The US Supreme Court upholds the Patient Protection and Affordable Care Act’s individual health care mandate.

On the same morning that the court announces its decision, Thomas P. Miller and James C. Capretta host a conference at AEI headquarters to provide real-time analysis of the ruling and launch a full-scale media blitz, sharing their insights with print and television media.

Year in Review
The Senate passes its version of a new five-year farm bill, but the House later stops action on the bill before the election.

Moody’s issues a negative watch on the AAA credit ratings of Germany, the Netherlands, and Luxembourg and warns that Germany faces the “risk of a shock” from a Greek euro exit and the likely effects through Spain and Italy.

Republican presidential nominee Mitt Romney chooses Representative Paul Ryan (R-WI) as his running mate.

In the weeks leading up to the bill’s passage, AEI visiting scholars Vincent Smith, Barry Goodwin, and Bruce Babcock present their detailed analysis of the Senate’s proposed shallow-loss provision in a series of briefings to Capitol Hill staffers and journalists, and at a standing-room-only briefing sponsored by Representative Jeff Flake (R–AZ). In their paper, the authors describe the flaws in the federal crop insurance program and how agricultural revenue-guarantee programs are essentially welfare for the rich.

In the days following the announcement, the New York Times releases a major profile of Ryan, describing the impact that AEI has had on his political philosophy.

Edward J. Pinto appears in a series of interviews on Fox News, discussing what he considers the biggest threats to the US economic recovery.
Chicago public school teachers launch the first teachers strike in the city in twenty-five years.

The American consulate in Benghazi, Libya, is attacked, killing four Americans, including US Ambassador J. Christopher Stevens.

Israel continues to openly debate whether to strike at Iran’s nuclear facilities in the coming months.

Chicago public school teachers launch the first teachers strike in the city in twenty-five years.

The following day, Andrew P. Kelly publishes a major piece in the Atlantic, and Frederick M. Hess publishes several pieces in leading publications explaining the strike’s national import and the high stakes for President Obama and reform-minded Democrats. In the same week, Michael Q. McShane appears on Huckabee, and Hess appears on CNBC and NPR to discuss the strike and its significance.

AEI’s Maseh Zarif releases the latest iteration of his Iranian nuclear program assessment, which provides an in-depth technical overview of Iran’s nuclear program. The study draws from the latest International Atomic Energy Agency and International Commission on Nuclear Nonproliferation and Disarmament reports to deliver an assessment of Iran’s Natanz and Fordow uranium enrichment facilities, as well as timelines detailing Iran’s progress toward acquiring a bomb. Both Zarif and Frederick W. Kagan use these reports to brief members of Congress and senior staff.

Danielle Pletka responds on the AEIdeas blog early that morning, releases an op-ed for the New York Times Room for Debate, and is sought for comment by Politico, the Washington Post, and FoxNews.com. Two days later, she hosts a panel of Middle East experts, reared numerous times by C-SPAN. Michael Rubin releases an article for the Daily Caller and is featured in televised interviews with Fox, CNN International, and BBC News, among other outlets. Paul Wolfowitz takes interviews with Fox’s Lou Dobbs and Megyn Kelly, CNN’s Fareed Zakaria, CNBC’s Kudlow Report, and BBC Newsnight.
On the eve of the election, Rick Hess hosts the education policy advisers from the Obama and Romney campaigns to discuss the best ways to allocate limited resources, improve teacher quality, increase accountability, and maximize student achievement during the next presidential term. More than four hundred attendees register for the AEI conference.

Nick Eberstadt releases his latest book, A Nation of Takers: America’s Entitlement Epidemic, in which he writes that the explosive rise in entitlements has made America unrecognizable. In an AEI event on Capitol Hill, he debates William Galston (Brookings Institution) on whether America has become a nation of takers.

A video is released of Mitt Romney commenting on the rising number of Americans who do not pay income taxes and rely upon government entitlement benefits.

The next day, Arthur C. Brooks and Senator Ron Johnson (R-WI) hold a conference call with business leaders to discuss the outcome of the election and policy steps forward. Later in the month, AEI’s Karlyn Bowman and John Cusey meet with members of AEI’s community to discuss the new Congress.

AEI’s Foreign and Defense Policy team hosts a live viewing party, with expert analysts, bloggers, journalists, and a panel just prior to the debate featuring Bill Kristol (Weekly Standard) and Marc Thiessen. AEI also collaborated on a series of debates with the Center for a New American Security and the New America Foundation to draw voters’ attention to the manifold foreign policy challenges that will face the president. The October event featured a debate between Romney campaign special adviser Dov S. Zakheim and Richard Verma for the Obama campaign.

The US presidential candidates debate in Boca Raton, Florida, focusing on foreign policy issues.

The US presidential candidates hold their second debate, a town-hall format, in Hempstead, New York.

Senator Marco Rubio (R-FL) and Ron Wyden (D-OR) at an AEI event on education.
Outreach and Communications

Over the past year, AEI substantially increased its ability to communicate scholars’ ideas both within and outside of our traditional constituencies. Our focus on communications has made AEI more dynamic, effective, and relevant than ever before, and we will continue to leverage new tools to expand our audiences and deepen our impact.
Growing Our Capabilities

By making strategic investments to expand our government affairs, traditional and social media, blogging, coalitions, and academic programs, AEI is doing a better job of informing, enriching, and framing debates in the United States and around the world.

We are connecting AEI scholars’ work with policymakers, business executives, and opinion leaders, as well as our nation’s next generation of free enterprise leaders. And we are attracting a broader set of thought leaders by presenting AEI’s work in more engaging forms. As we develop our communications practice, our scholarship, research, and ideas are driving strategy—not the other way around.

Reaching Tomorrow’s Leaders

This year, we dramatically increased our academic programming, which connects AEI’s scholars with tomorrow’s intellectual and policy leaders. During the 2011–12 academic year, our Values & Capitalism program organized events at twenty-three college and university campuses, attracting more than three thousand students, faculty, staff, and community members. AEI’s Summer Institute brought together twenty-five exceptional undergraduates and recent college graduates for a four-week program focused on economics, public policy, politics, and statecraft led by core AEI scholars, including Arthur C. Brooks, Kevin Hassett, Gary Schmitt, and Thomas Donnelly.

"AEI was the most empowering place I’ve ever been in my entire life, and my academic career just opened up because of what I learned at AEI."

—Courtney Albini, University of Pennsylvania, AEI Summer Institute Class of 2012
Top Five Communications Achievements in 2012

1. Published game-changing books by AEI scholars, four of them appearing on the New York Times bestseller list.

2. Redesigned and rebranded AEI’s blog as AEIdeas. The blog is now a leading destination for pro-market analysis and commentary, cited often by top-tier media outlets such as the New York Times, the Wall Street Journal, New York Magazine, the Washington Post, Forbes, CNN, the Huffington Post, the Guardian, the New Republic, Politico, the Hill, Salon, and Rush Limbaugh.


4. Planned and executed AEI’s Road to Freedom book tour and related messaging content, which included more than three dozen speeches across the country, one hundred earned media appearances, and a new “Six Myths about Capitalism” video series that prompted the Washington Post to commission an essay on a similar theme.

5. Earned strong growth on Twitter and other social media channels, while expanding AEI’s presence on speciality sites to reach even more professionals and thought leaders.
AEI’s Enterprise Club

A key part of AEI’s outreach both within and outside of the Beltway is to engage young leaders. Last year, we established AEI’s Enterprise Club, which is composed of a select group of young leaders in business, finance, law, and public policy who are interested in serious discussions on the most significant challenges facing our country and world.

The Club has grown significantly this year to more than 60 members and includes Washington, DC, and New York City branches, as well as at-large members spanning from San Francisco to Minneapolis to Boston. This year’s Enterprise Club gatherings included dinner with Co-CEO of Bridgewater Associates and former Under Secretary of the Treasury for International Affairs David McCormick in New York City, a reception with Arthur C. Brooks and Charles Murray at the home of AEI trustee Bruce Kovner, and dinner with Paul Wolfowitz at AEI headquarters.

Please contact Toby Stock, managing director of development, if you have any questions about the AEI Enterprise Club (202.862.5834; toby.stock@aei.org).

AEIdeas

In June, we relaunched AEI’s blog, formerly the Enterprise Blog, as AEIdeas so that we could distinctly brand and highlight the blog’s core strength: a venue for AEI scholars to give quick and timely insight on topics in the news, from the economy to foreign affairs. In the past eighteen months, page views on the blog have nearly quadrupled as AEIdeas has developed an identity and a committed group of readers.

AEIdeas has become a valuable communications vehicle for many AEI scholars: in 2012, more than forty scholars wrote for the blog. The growth both in readers and bloggers is creating a powerful network effect and a positive feedback loop.

Social Media

As part of our commitment to share our research with new and wider audiences, AEI has increased our footprint in new media. A growing number of AEI scholars are using Twitter to connect directly with fellow policy analysts, government officials, journalists, and other thought leaders. We have been leveraging social media to extend the reach of our events. Indeed, the online audience for AEI events is now three times larger than the physical audience. For some events and debates, we are able to take questions and encourage remote audience participation through Twitter, increasing the level of two-way engagement with a wider audience.

We are also experimenting with crowdsourcing, enlisting our best customers to help produce quality content. In 2012, this took the form of AEI’s first-ever video contest. We asked talented producers to make the
moral case for free enterprise in a two-minute video. The impressive quantity—and quality—of the entrants we received reinforced the power of market incentives and positioned AEI at the center of the free enterprise cause in 2012.

**Traditional Media**

AEI scholars are frequently called upon by American and foreign broadcast and print journalists to explain complex subjects to a busy and distracted public. Additionally, AEI scholars are some of the most prolific public intellectuals in the country as measured by op-ed placements. Seldom does a week go by without one or more AEI scholars publishing provocative analysis in the Wall Street Journal, New York Times, or Washington Post.

**Government Affairs and Coalitions Outreach**

Our Government Affairs and Coalitions teams maintain a simple but critical focus: building and maintaining relationships with policymakers, community leaders, and aligned groups to connect AEI scholars and scholarship with decision makers and agenda setters outside academia and the media. Government Affairs and Coalitions staff meet regularly with outside groups to share the latest AEI research and learn about policy priorities on the horizon. Additionally, both groups are busy expanding their mailing and distribution lists to better target new research, event invitations, and organizational updates to the best audiences.

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In 2012, more than three dozen high-level policymakers spoke at AEI, including:

- GEN. KEITH ALEXANDER
  National Security Agency Director
- KELLY AYOTTE (R-NH)
  Senator
- MICHAEL BENNET (D-CO)
  Senator
- ERIC CANTOR (R-VA)
  House Majority Leader
- ASHTON CARTER
  Deputy Secretary of Defense
- MICHIELE FLOURNOY
  Former Undersecretary of Defense
- ICCHIRO FUJISAKI (JAPAN)
  Ambassador
- LINDSEY GRAHAM (R-SC)
  Senator
- NIKKI HALEY (R-SC)
  Governor
- JOHN KLINE (R-MN)
  Representative
- JOHN KYL (R-AZ)
  Senator
- JOHN MCCAIN (R-AZ)
  Senator
- BOB MCDONNELL (R-VA)
  Governor
- HOWARD “BUCK” MCKEON (R-CA)
  Representative
- MARCO RUBIO (R-FL)
  Senator
- PAUL RYAN (R-WI)
  Representative
- SCOTT WALKER (R-WI)
  Governor
- RON WYDEN (D-OR)
  Senator
James C. Capretta joined AEI as a visiting scholar. He has more than two decades of experience as a senior analyst of US health care policy, including service as an associate director of the Office of Management and Budget. Capretta is focusing on a health reform plan that relies on competition and market forces.

Christopher C. DeMuth, who served as AEI’s president from 1986–2008 and then as the D. C. Searle Senior Fellow for three years, left AEI in December 2011. During his tenure, DeMuth transformed AEI into one of the nation’s preeminent and most respected public policy research organizations. A lawyer by training and an accomplished academic, his impact and vital contributions to AEI and to the quest for the best public policy analysis in America will last for generations. AEI’s 2000 Francis Boyer Award described him as “a scholar, servant, and entrepreneur for the public good—a tireless and enthusiastic champion of limited government and private enterprise.” In 2012, AEI established the Christopher DeMuth Chair, to be held by a senior AEI scholar that exemplifies the highest standards of research and principles of good government; the chair is currently held by Frederick W. Kagan.

Mackenzie Eaglen joined AEI as a resident fellow in defense studies, bringing invaluable experience from Capitol Hill and the Pentagon. She is an integral part of AEI’s Marilyn Ware Center for Security Studies.

AEI welcomed Jeffrey Eisenach as a visiting fellow to focus on policies affecting the information technology sector, innovation, and entrepreneurship. Eisenach is managing director and principal at Navigant Economics.

Former senator Phil Gramm joined AEI as a visiting scholar after a long and distinguished career in public service, academia, and the private sector. As a member of the House of Representatives and Senate, Gramm coauthored a number of pieces of breakthrough economic legislation. At AEI, he is working on a comprehensive plan to fix the US economy through reform of the tax code and entitlement programs such as Social Security and Medicare.

In August, Michael S. Greve stepped down after twelve years as the John G. Searle Scholar, becoming a visiting scholar and moving to a full-time professorship at the George Mason University School of Law.
A leading authority on constitutional law, federalism, and regulation, Greve is the author of countless scholarly articles and nine books, including the groundbreaking February 2012 book *The Upside-Down Constitution*. During his tenure at AEI, he drew important attention to the pathologies in contemporary federalism and called on policymakers to reconsider the balance between state and federal authority to preserve popular sovereignty.

F. K. Weyerhaeuser Fellow *Steven F. Hayward* left in June after a decade at AEI, to return to the West Coast. Hayward built up AEIs work on energy and environmental topics and successfully made the case that environmental progress depends on economic growth, open markets, and technological progress. His important and long-lasting contributions to the policy debates also include his work on American politics and political economy.

*Michael Q. McShane* joined AEI as a research fellow. He is pursuing a variety of topics in education, including educational accountability and entrepreneurship, college access and affordability, and career and technical education. He is a PhD candidate and distinguished doctoral fellow at the University of Arkansas.

New resident scholar *Stephen D. Oliner* is boosting AEIs core work in macroeconomics and contributing cutting-edge research on real estate and financial markets. Oliner joins AEI after a twenty-six-year career as an economist at the US Federal Reserve.

*Sita Nataraj Slavov*, a former professor of economics at Occidental University and former research fellow at the National Bureau of Economic Research, also joined AEI as a resident scholar. Her research areas include retirement finance, health care spending, and taxation.

This year, AEI established a cadre of young economists with recent PhDs to work alongside the more experienced scholars in our economics program. Among them are *Aspen Gorry* (University of Chicago), who is focusing on optimal taxation, minimum wages, and other aspects of public finance and labor policy; *Michael R. Strain* (Cornell University), an expert on census data with expertise on employment and labor markets; and *Stan Veuger* (Harvard University), who is examining policy responses to the Great Recession, as well as markets and market failures.
In Memory of
James Q. Wilson, Willard C. Butcher Sr.,
and Paul W. McCracken

AEI and America mourned the loss of the most influential social scientist of the past century, James Q. Wilson, who died in March. Wilson had an extraordinary career that included professorships at Harvard and UCLA, among other universities. He had been affiliated with AEI since 1976, serving as the chairman of AEI’s Council of Academic Advisers until his passing. He was the author of more than a dozen books and hundreds of articles, from the bestselling textbook *American Government* (with John Dilulio) to the enormously influential essay “Broken Windows” (with George Kelling), which changed the approach to criminal justice in many American cities. He was awarded the Presidential Medal of Freedom by George W. Bush and advised five decades of American presidents.

AEI also lost two former trustees in August: Willard C. Butcher Sr. and Paul W. McCracken. During Butcher’s tenure as the chairman of AEI’s board, he not only led the Institute through a change in leadership but also took AEI to new levels of influence and stature in Washington. He was the former chief executive officer and chairman of the board of directors of the Chase Manhattan Corporation and its principal subsidiary, the Chase Manhattan Bank. He retired in October 1991, having joined Chase National Bank (predecessor to the Chase Manhattan Bank) in 1947. Butcher served on a number of corporate boards, was a member of the Council of Retired Chief Executives, a fellow emeritus of Brown University, and a former vice chairman of the Lincoln Center for the Performing Arts.

McCracken began his involvement with AEI in the mid-1950s and joined the advisory board in 1959. His leadership was of such importance to the Institute that when the president resigned in 1986, the AEI board asked McCracken to serve as interim president. In addition to his leadership at AEI, he served as an economic adviser to several US presidents, including serving as the chairman of the Council of Economic Advisers for President Richard Nixon. He was also the Edmund Ezra Day Distinguished University Professor (Emeritus) of Business Administration, Economics, and Public Policy at the University of Michigan’s Ross School of Business. McCracken passed away at the age of ninety-six.
AEI’s Community

AEI is a community of scholars and supporters who are making the principled case for freedom, opportunity, and enterprise in the United States and around the world. The Institute relies on private philanthropy from individuals, foundations, and corporate foundations—none of our funds come from the US government. Fewer than one thousand donors make this work possible, sharing our vision for an America that preserves and defends earned success, rewards hard work and innovation, and provides opportunity for all.

Please consider joining our community to make a tangible impact in the fight for free enterprise. Our donor leadership and corporate programs offer opportunities to have significant involvement in the life of the Institute—from regional gatherings and signature invitation-only events to conference calls with scholars and private briefings and meetings.

Gifts to AEI range in size from less than $100 to more than $1 million, and donations can also be made in the form of securities, stocks, matching gifts, or bequests. Visit our website at www.aei.org/donate to make a contribution, or use the attached donation envelope to join our community. Please do not hesitate to contact a member of AEI’s development team at any time for further information (202.862.5834 or development@aei.org).

AEI is a public charity under section 501(c)(3) of the Internal Revenue Code, which means that donations to AEI receive maximum tax benefits. For additional information about supporting AEI, please visit www.aei.org/support.

“AEI has been an indispensable resource to policymakers like myself for many years, but more recently, I would argue, AEI has done a much better job integrating with policymakers, giving us digestible ideas, papers, and things to move forward on. What I see AEI doing is serving as one of the beachheads of the modern conservative movement.”

—Representative Paul Ryan (R-WI)
Harvey Golub has been a member of AEI’s Board of Trustees since 1995. He served as the chairman and chief executive officer of American Express from 1993 to 2001. He is the former president and chief executive officer of IDS Financial Services (now known as Ameriprise Financial), which he joined in 1983. Prior to joining IDS, Golub was a director with McKinsey & Co. He has been the chairman of the board at Miller Buckfire since October 2011 and currently serves on the board of Dynasty Financial Partners LLC, as chairman of the advisory board of Kleinwort Benson Investors International Ltd., and as a member of the advisory board of Marblegate Asset Management LLC. In addition, he serves on the boards of the Lincoln Center for the Performing Arts and New York-Presbyterian Hospital. Golub has been a steadfast supporter of AEI’s mission. The following are his insights on this critical time facing our nation, AEI’s role in the policy debates, and why he supports the Institute.

What are the greatest challenges facing our nation?
Our greatest domestic challenge arises from the unremitting drive to increase the reach and power of the liberal welfare state. As the state becomes more and more intrusive, as it tries to solve people’s problems, it saps vitality and reduces our freedom. Freedom is required for a person to earn success and reap the rewards of that success or to fail and learn from that failure.

Every humane society must care for its weakest and least able citizens, but it cannot ensure equality of all outcomes to all people without diminishing us all. As an economic matter and as a moral imperative, freedom requires free people in free markets who strive to achieve their own goals and determine their own best interests.

The liberal conceit that government can manage our society and our economy to round any rough edges is nonsense, and every nation that has tried to do so has failed—from the old USSR to the modern European welfare states to North Korea and Cuba. Our challenge is to avoid that fate.

What is AEI doing about this problem?
AEI is one of a handful of institutions (albeit, I believe, the best) who study the policy issues affecting our freedom and prosperity, publishing those results, and providing the intellectual rigor behind what is sometimes the inchoate passion for free enterprise and free markets. In other words, we try to educate the public and provide policymakers with needed support.

People intuitively know personal freedom and personal happiness depend on the ability to make free choices. We explain why that is so. We also explain why large state power inevitably leads to more poverty, lower growth, fewer jobs, and less happiness.

How does AEI influence the policy process?
We have always stood for outstanding scholarship conducted by great scholars who pursue their own intellectual interests. We have grafted onto that base more targeted scholarship and a much-expanded outreach program through colleges and the media. We are much more aggressive in articulating the case for free enterprise and market-based solutions.

How did you get involved?
I have always been an advocate of capitalism and personal freedom and concomitant responsibility. About twenty years ago, I looked at all the think tanks supporting my world view and concluded that AEI was doing the work I could best support with my time and money.

Since then, I have been amply rewarded with my association with the people in the AEI community. I am in awe of the giants who populate our scholar ranks and serve on our board. I believe, to the extent we are successful, I will have contributed to making our nation stronger and leaving a better heritage to my grandchildren.
AEI’s audited financial performance for the fiscal year ending June 30, 2012, is provided in accordance with GAAP accounting conventions.

The Institute raised $15.2 million from individuals, $14.7 million from foundations, and $5.6 million from corporations. The sum of these fundraising activities, along with sales, brought the Institute’s annual revenues to $37.4 million. Expenses for the year totaled $32.3 million. Investment losses totaled $4.6 million and are excluded from the revenue reported below.

We are committed to transparent accounting of the resources we receive. In addition to required tax filings, a copy of AEI’s audited financial statement is available to anyone who requests it.

AEI is deeply grateful for our community of supporters who invest in our mission and help us translate our research and analysis into innovative policy solutions. Our work on our nation’s most critical policy challenges is only possible with your support.
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