The American Enterprise Institute is a public policy think tank dedicated to defending human dignity, expanding human potential, and building a freer and safer world. The work of our scholars and staff advances ideas rooted in our belief in representative democracy, free enterprise, American strength and global leadership, solidarity with those at the periphery of our society, and a pluralistic, entrepreneurial culture.

AEI's headquarters

Located in Washington, DC, AEI is a nonpartisan, nonprofit, 501(c)(3) educational organization. The Institute does not take institutional positions on any issues. We are supported by private donations from individuals, foundations, and corporations. AEI does not accept government funding and does not perform contract research.

For more information about AEI, visit our website, aei.org.

AEI IN 2017

ADVANCING HUMAN DIGNITY ................. 3
PROMOTING AND WINNING A COMPETITION OF IDEAS ....................... 7
LEADING LEADERS IN WASHINGTON AND BEYOND ............................. 12
Things out there in America are a whole lot different from what you thought.

—Nicholas Eberstadt, Henry Wendt Chair in Political Economy

Between 2000 and 2016, US per capita growth has averaged less than 1 percent a year. Today one in six American men age 25–54 has no paying job of any kind. Mortality rates for middle-age, white Americans are on the rise.

Public trust in crucial institutions, such as government and mass media, remains near historic lows. A majority of Americans, according to a May 2017 Gallup poll, are dissatisfied with the way things are going in the United States, the country’s position in the world, and our system of government and how well it works. According to a Spring 2016 Harvard University poll, 51 percent of millennials say they reject capitalism.

At a time of serious domestic and foreign policy challenges and deep ideological division, AEI’s role is crucial in setting the standard for intelligent, civil, and nonpartisan analysis.

At this time of division, AEI can help unite the country through a movement to advance human dignity.

At this time of partisan rancor and mistrust, AEI is promoting a healthy competition of ideas, based on data and evidence.

And at this time of uncertainty, the independence of our work and the quality of our ideas are trusted by leaders in Washington and beyond.

We have spent the past year working to further this mission. We invite you to read on and learn more about how.
Advancing Human Dignity

When someone asks me what AEI does, I can easily respond and say: We’re a leading think tank, dedicated to free enterprise, American leadership, and personal freedom. We produce the best research in Washington, DC. But that’s just “what” we do. The more important question is the “why” of our work.

AEI scholars and staff work hard every day because we believe in the fundamental human dignity of all people and the moral obligation to push more opportunity to people on the periphery of society.

Every one of us—scholars, staff, or supporters—has affiliated ourselves with AEI because we share that commitment. We believe that intellectual excellence in the pursuit of truth can improve our nation and world—and that all people deserve to live lives that are filled with dignity and opportunities to earn their own success.

—Arthur C. Brooks, AEI president and the Beth and Ravenel Curry Scholar in Free Enterprise

AEI is laying the groundwork for welfare reform 2.0. AEI scholars charted a new path forward for means-tested programs with an edited volume that is informing policymakers on Capitol Hill. Robert Doar brought together James C. Capretta, Kevin C. Corinth, Angela Rachidi, Katharine B. Stevens, and outside authors, including Ron Haskins of the Brookings Institution, for A Safety Net That Works: Improving Federal Programs for Low-Income Americans (AEI Press, February 2017).

Nicholas Eberstadt’s “Our Miserable 21st Century” attracted record-breaking attention. The 2016 election revealed that “things out there in America are a whole lot different than you thought,” writes Nicholas Eberstadt. His piece, published in the February issue of Commentary, has been viewed more than one million times on the magazine’s website. Eberstadt appeared on Fox News’ Tucker Carlson Tonight to discuss both the piece and broader lessons from his latest book, Men Without Work (Templeton Press, 2016).

Princeton economist Anne Case joined AEI scholars to reset the conversation on disability in America. Despite the goals of a 1990 civil rights landmark, the Americans with Disabilities Act, today a growing share of working-age people with disabilities are on Social Security Disability Insurance and not working. What happened? Robert Doar, Angela Rachidi, and Nicholas Eberstadt hosted an AEI event in February to answer that question, joined by prominent Princeton economist Anne Case.

Seven million people have viewed Arthur Brooks’ Harvard University talk on entrepreneurship and helping those at the margins of society. “We don’t have an anger problem in American politics—we have a contempt problem in American politics,” says Arthur C. Brooks, speaking at Harvard University’s John F. Kennedy Jr. Forum on entrepreneurship and creative solutions to help those at the margins of society. Following his address, Harvard Professor Leah Wright Rigueur joined Brooks to further discuss the concept of “living life like a startup.”
|| Jason Delisle exposed the long and catastrophic history of the guaranteed student loan program. At the beginning of the new administration, many conservative education policy analysts suggested that the government should begin guaranteeing private student loans. But as Jason D. Delisle explained in his February paper, “Private in Name Only: Lessons from the Defunct Guaranteed Student Loan Program,” the program has a long, troubled history. The paper received attention from National Review, the Chronicle of Higher Education, Politico, and Market Watch.

| The US government has turned to AEI to help target organized crime and trafficking. Roger F. Noriega and other AEI scholars met with the administration’s interagency working group tasked with implementing the executive order “Enforcing Federal Law with Respect to Transnational Criminal Organizations and Preventing International Trafficking.” The members of the working group expressed a significant interest in AEI’s June report “Kingpins and Corruption: Targeting Transnational Organized Crime in the Americas” and used this meeting as an opportunity to discuss the research and explore the authors’ policy recommendations.

| Raj Chetty and other prolific economists met at AEI to discuss increasing economic mobility for low-income Americans. The percentage of American children who earn more than their parents did at age 30 has fallen substantially over the past 40 years, according to new research from Stanford University economist Raj Chetty. In light of the troubling numbers, Robert Doar hosted an event on economic mobility for low-income Americans. The event featured some of the most prolific economists working today: Chetty, former Chair of the Council of Economic Advisers Jason Furman, and Brookings Institution Senior Fellow Melissa Kearney.

| Congressional leader headlines AEI event to address the need for bipartisan criminal justice reform. “Long prison sentences always come with a cost,” said Senate Committee on the Judiciary Chairman Chuck Grassley (R-IA) in keynote remarks at AEI in June. Gerard Robinson organized the event, including a panel discussion on how to reduce recidivism and better prepare inmates for life after prison. Robinson and Jennifer Doleac of the University of Virginia also convened 20 academic experts on prisoner reentry for a daylong research-sharing forum to identify gaps in our knowledge about what reduces recidivism rates.

| The most influential early childhood experts in the country gathered at AEI. “Children born poor today are just as likely to stay poor as they were 45 years ago,” writes Katharine B. Stevens in her February paper, “Federal Early Childhood Care and Education Programs: Advancing Opportunity Through Early Learning.” In a private working group to discuss her report, Stevens gathered 22 of the most highly regarded early childhood experts in the country to open up a dialogue across the ideological spectrum.

| A major event at AEI stressed the moral imperative of defending human rights in North Korea. AEI, in collaboration with the Committee for Human Rights in North Korea and the Yonsei Center for Human Liberty, cohosted a public conference to commemorate the third anniversary of the “Report of the Commission of Inquiry on Human Rights in the Democratic People’s Republic of Korea.” Among the 12 participants were Nicholas Eberstadt, Jung-Hoon Lee (Republic of Korea ambassador for North Korean human rights), and His Excellency Ahn Ho-Young (Republic of Korea ambassador to the United States).

| AEI is bringing creative disruptors into the Washington education policy debate. AEI aims to redevelop our education system to train people for the jobs that exist today and in the future. Andy Smarick and John P. Bailey established a working group on the new skills marketplace, convening innovators in technical and career education and training. The inaugural meeting included Matt Sigelman of Burning Glass Technologies, Jake Schwartz of General Assembly, and Brian Jones of Strayer University. Smarick published a case study in November on New Jersey’s distinctive approach to career and technical education.

| Policymakers at the forefront of addressing America’s opioid crisis gathered at AEI. Sally Satel hosted House Chairman of the Energy and Commerce Committee Greg Walden (R-OR) for a discussion about what Congress is doing to address the opioid addiction epidemic. An impressive panel of drug policy and addiction experts that included Elinore McCance-Katz (assistant secretary for mental health and substance abuse), Carson Fox (CEO of the National Association of Drug Court Professionals), and Gen. Barry McCaffrey (former director of the Office of National Drug Control Policy) discussed the future of opioid policy and programs.

| Cosponsors of the Promoting Affordable Childcare for Everyone Act (PACE Act) Headlined an AEI event. Angela Rachidi, Katharine B. Stevens, and Alan D. Viard hosted Representatives Kevin Yoder (R-KS) and Stephanie Murphy (D-FL) at an AEI event to discuss reforms to the Child and Dependent Care Tax Credit (CDCTC). Their remarks were followed by an expert panel that assessed the advantages and disadvantages of the CDCTC as compared to other forms of child assistance. More than 2,000 people tuned in to the event via livestream.
Promoting and Winning the Competition of Ideas

AEI is playing a central role in promoting a true competition of ideas, providing innovative solutions and actionable policy recommendations on our nation’s most critical issues in a way that embraces civil disagreement. We are intensely focused on human welfare.

AEI not only stimulates such healthy debate through its communication and outreach efforts to leaders and citizens across the country but also embodies this spirit within its own walls, fueling an internal competition of ideas that we view as AEI’s greatest strength.

AEI can help our nation foster cooperation and progress at a time of deep division in our country and abroad by working with partners on both sides of the political aisle and finding common ground based on principles of human dignity and potential.

—Tully Friedman, co-chairman, AEI Board of Trustees; chairman and co-CEO, FFL Partners LLC

AEI is transforming the way economic policy analysis is conducted in America. “It’s welcome news that someone wants to bring more transparency to the numbers and methods that are supposedly the basis for policymaking,” wrote the Wall Street Journal Editorial Board in a feature about AEI’s Open Source Policy Center (OSPC). Directed by Matt Jensen, OSPC is making the tax policy debate more transparent, fact-driven, and democratic by developing three major online open-source scoring models that are being widely used by policymakers, researchers, journalists, and AEI scholars. OSPC’s new tools include TaxBrain, Cost of Capital Calculator, and the Border Adjustment Calculator. Visit ospc.org to learn more.

AEI scholars’ home loan model has been adopted by more than 25 community banks and credit unions across the country. Today’s homeownership rate of 62.9 percent is the same as in 1965, and the government’s homeownership policies have not successfully built wealth for the income groups they were designed to help. Edward J. Pinto and Stephen D. Oliner have developed a groundbreaking new approach to home finance. The Wealth Building Home Loan (WBHL) provides borrowers a straight, broad highway to building wealth based on either a 15-year or 20-year, fully amortizing loan. To date, it has been adopted into lending programs by more than 25 community banks and credit unions, and more than $100 million of WBHLs has been originated by these lenders.
AEI scholars briefed members of Congress on a coauthored, bipartisan report on how to bring out-of-work men into the labor force. Work activity among prime-age (25 to 54) men in America has declined precipitously, leaving seven million or more working-age men in the US outside the labor force. Robert Doar, Harry Holzer (Georgetown University), and Brent Orrell (ICF) authored “Getting Men Back to Work: Solutions from the Right and Left,” a report that offers bipartisan policy approaches to address crucial issues including improving workers’ skills through education and training, expanding the earned income tax credit, and reforming public income support programs.

Alan D. Viard’s work was cited as “the most complete and authoritative references on the economics of border adjustments and trade.” One of the biggest issues to dominate the corporate tax reform debate this year was the border adjustment tax. After meeting steep resistance from retailers, the Senate, and even many House Republicans, Republican leaders ditched the border adjusted tax proposal in July. Alan D. Viard was on the front lines of this debate. In a May 1, 2017, Tax Notes article, Martin A. Sullivan, chief economist of Tax Analysts, said, “The most complete and authoritative references on the economics of border adjustments and trade are the outstanding series of articles by Alan D. Viard.”

Timely new volumes tackle the modern presidency and the partisanship and gridlock in Congress. In recent years, some have argued that sitting presidents have behaved “imperially,” employing authorities that break the bounds of law and the Constitution. Gary J. Schmitt coedited two volumes on the presidency and on Congress. The Imperial Presidency and the Constitution (Roman & Littlefield, March 2017) features chapters by Schmitt and other noted presidential scholars that explore just how “imperial” the modern presidency is in employing authorities that break the bounds of law and the Constitution. Is Congress Broken? The Virtues and Defects of Partisanship and Gridlock (Brookings Institution, February 2017) provides a framework for understanding how Congress should function under the Constitution.

The New York Times cited a joint AEI-Brookings report that highlights the crucial role of federal statistics. Objective, impartial data collection by federal statistical agencies is vital to informing decisions made by businesses, policymakers, and families. AEI and Brookings’ Hamilton Project collaborated on a report regarding the federal statistical system. The document, spearheaded by Michael R. Strain and Nicholas Eberstadt, outlines the role that federal statistics play in informing the business community, journalists, and policy experts. The two institutions convened an event at AEI discussing this topic with New York Times columnist David Leonhardt, former Council of Economic Advisers Chair Martin Feldstein, Deutsche Bank Chief International Economist Torsten Slok, and University of Wisconsin–Madison Chancellor Rebecca Blank, among other participants. The project was cited in a July New York Times article.

AEI scholars gave nearly 50 television and radio interviews and penned nearly 20 op-eds in response to the US missile strike in Homs, Syria. The Syrian strikes show the US standing up for what is right in the world and reasserting our commitment to NATO and our European allies, explained Danielle Pletka on NBC’s Meet the Press the Sunday following the April US missile strikes on Shayrat Airfield in Homs, Syria. In the week after the strikes, 11 AEI scholars penned nearly 20 op-eds, including in the Wall Street Journal, CNN, the New York Post, and the Weekly Standard, and posted on the AEIdeas blog, which published a symposium on AEI scholars’ most important insights. AEI scholars also gave almost 50 radio and television interviews on the president’s actions and the implications for the civil war in Syria and US Middle East policy.

A diverse group of education leaders from across the ideological spectrum gathered at AEI to discuss new ventures, research, and opportunities. Semiannually, AEI convenes its K-12 and Higher Education Working Groups. The groups gather academics, policy influencers, state and district leaders, foundation representatives, and educational entrepreneurs from across the ideological spectrum to discuss new ventures, research, and evaluation opportunities in an off-the-record setting. In May, the K-12 group heard from the superintendent of Newark public schools, the cofounder of Rocketship Education, and the Wyoming state superintendent of public instruction. The higher education group heard from representatives from Purdue University on its income share agreement program, LinkedIn on its marketing efforts, and Brown University on the role that college education plays in intergenerational mobility.

AEI scholars address the uphill battle in defending an open competition of ideas on America’s college campuses. Over the past several years, a new campus protest culture has emerged at American colleges. It seeks to scrub campuses of words, ideas, and subjects that could be intellectually uncomfortable or offensive in an effort to protect the emotional well-being of members of marginalized groups. Ryan Streeter appeared on MSNBC’s Hardball with Chris Matthews to talk about free speech at colleges. The following month, he cohosted with the Pepperdine School of Public Policy a conference at AEI about political partisanship in American higher education and faculties’ role in addressing these issues. Streeter, Samuel J. Abrams, and panelists representing five different universities discussed a variety of topics around this issue.
A Russian opposition politician and Sen. John McCain (R-AZ) headlined an AEI event, and Rep. Adam Smith (D-WA) discussed how to thwart the Putin regime’s assault on sovereignty. Leon Aron, Danielle Pletka, and Sen. John McCain welcomed Russian opposition politician Vladimir Kara-Murza for a screening of his documentary Nemtsov. More than 120 policymakers, dissidents, and experts attended the event, which was covered by NBC and Voice of America. The following month, Aron sat down with Rep. Adam Smith (D-WA), ranking member of the House Armed Services Committee, for a conversation about how Washington can thwart the Putin regime’s support of euroskeptic populists, global cyberattacks, interventions in elections, and constant threat of military intervention. Aron is leading a major research project to dig deeper into the threat Russia poses to post-Soviet states’ sovereignty. The project’s timely first essays focusing on possible venues of Russian aggression in Belarus were released on the heels of the Zapad Russian military exercises in Belarus in September.

Turkish President Recep Tayyip Erdoğan appealed to Twitter to shut down an AEI scholar’s Twitter feed. In June, the Washington Post ran a story titled “Turkey Wants Twitter’s Help in Suppressing an American Critic,” which explained that Turkish President Recep Tayyip Erdoğan has appealed to Twitter to shut down Michael Rubin’s Twitter feed on the grounds that it had violated the Turkish president’s personal rights. Rubin has also been the target of a lawsuit filed by Erdoğan that accuses Rubin of making insults and supporting a terrorist organization. Rubin has been an outspoken critic of Erdoğan and his Justice and Development Party for its corruption and crackdown inside Turkey on freedoms of the press and assembly.

AEI scholar briefed the administration on a bipartisan report on the costs, advantages, and disadvantages of a paid family and medical leave program for the United States. Aparna Mathur and Brookings’ Isabel Sawhill released a report in June (stemming from a bipartisan working group) that develops a clearer picture of the costs, advantages, and disadvantages of a paid family and medical leave program for the United States. They were invited to the White House to present the bipartisan plan, which was favorably received. The report garnered spirited debate among AEI scholars, with James Pethokoukis, Michael R. Strain, and Benjamin Zycher each publishing contrary articles arguing against a federal role in paid family leave.

US Ambassador to the United Nations Nikki Haley headlined an AEI event addressing the Iran deal. A month before President Trump decertified the Joint Comprehensive Plan of Action, Ambassador Haley joined Danielle Pletka for a discussion on the administration’s key considerations in assessing Iranian compliance with the deal. Nearly 200 people attended this invite-only event, with more than 2,300 watching via livestream. The audience included 10 media crews, high-ranking officials from more than 15 embassies, and journalists from 18 different media outlets. After the event, Ambassador Haley’s remarks at AEI were mentioned in almost 20 media outlets, including CNN, Politico, and Reuters. In an October front-page New York Times op-ed, Pletka stressed the need to also address the broader threats that Iran poses to the region.

New AEI publication provides the necessary framework for tackling Europe’s major ailments. Peace, democracy, and prosperity in Europe are under threat from an aggressive Russia, political extremism on both the right and left, the impact of one-size-fits-all monetary policy, and the European economy’s long-standing structural problems. Dalibor Rohac hosted the former Foreign Minister of Poland, Radoslaw Sikorski, and a panel of leading experts for a conversation on these main challenges Europe is facing, their potential impact on US security and economic interests, and a possible way forward. The new AEI collection, Europe’s Pressure Points, was released at the event, widely disseminated on Capitol Hill and in the administration, and advertised through a Twitter and Google ad campaign.

AEI scholars published prolifically on the North Korean nuclear threat and produced a record-setting YouTube video on the issue. North Korea has fired approximately two dozen missiles since February 2017. In an “In 60 Seconds” AEI video that has been viewed nearly 25,000 times, Nicholas Eberstadt warns that North Korea’s nuclear program is not just an insurance policy for the survival of the regime; it is also a component of the country’s strategy to break the US alliance with South Korea. AEI scholars Dan Blumenthal, John R. Bolton, Derek Scissors, Michael Mazza, Oriana Mastro, Michael Rubin, John Yoo, and Marc Thiessen have penned more than three dozen op-eds in major outlets and a dozen AEIdeas blog posts on the issue.
AEI scholars continued to engage in robust outreach to traditional media outlets:

- **2,300 Broadcast Hits**
- **2,220 Op-Eds**

**AEI social media accounts**, including Facebook, Twitter, LinkedIn, and Instagram, have seen their followers grow by 110 percent in the past two years:

- **426,000 Fans**

**AEI podcasts** have also developed a loyal following, with Banter, AEI Events, and our “Viewpoint” series downloaded a combined 466,022 times in the past year:

- **466,000 Podcast Downloads**

Additionally, our **YouTube channel** has almost twice the subscribers of the next closest think tank, and all told, AEI videos have been watched more than 19 million times to date:

- **134,000 Subscribers**
Leading Leaders in Washington and Beyond

We are in a moral battle for the free enterprise system. In the marketplace of ideas, we seek to reaffirm in the hearts and minds of freedom-loving people the benefits of the system that has raised billions out of abject poverty and has been an enabling force for human flourishment, not only in America, but across the globe.

I credit the free enterprise system for my personal success, and I am proud that AEI is making the intellectual, moral, and practical case for free enterprise to today’s and tomorrow’s leaders, not only leading leaders, but forming leaders. AEI serves as a trusted resource for policymakers on both sides of the political aisle, as well as military leaders, journalists, entrepreneurs, community leaders, business executives, and students.

—Daniel A. D’Aniello, co-chairman, AEI Board of Trustees; cofounder and chairman, The Carlyle Group

New AEI series offered immediately actionable policy solutions for the new administration. AEI launched a new online series titled “What to Do? Policy Recommendations for 2017 and Beyond,” across 27 policy areas, including energy policy, Middle East policy, tax policy, and K-12 education policy. The series produced original scholarship and compiled archived AEI essays and op-eds that offer policy prescriptions.

Sen. Ben Sasse (R-NE) recognized Andy Smarick’s fortuitous work on the failure of the School Improvement Grant program. Just days before President Obama left office, his administration’s Department of Education issued a report showing that no positive gains had come from its $7 billion School Improvement Grant program. Andy Smarick predicted this back in 2010, and he published multiple pieces in January showing why the administration should have known better. This caught the attention of the Washington Post, Politico, National Review, the Weekly Standard, and Sen. Ben Sasse, who tweeted out Smarick’s work with the comment, “AEI scholars predicted exactly this outcome years ago.”

The chairman of the House Energy and Commerce Subcommittee on Health headlined an AEI event that was trending on Twitter. AEI health scholars have heavily influenced the way GOP elected leaders have thought about health care since the 2008 presidential campaign, helping leaders understand that dropping millions off insurance roles was a bad idea, that money should be redistributed to help people pay for health insurance premiums, and that both of these goals could be accomplished in a pro-market way. In January, AEI, the Brookings Institution, and the Pacific Business Group on Health cohosted an event on what business leaders can teach lawmakers about how to fix health care. Hosted by Joseph Antos, the event featured keynote remarks by Rep. Michael Burgess (R-TX), chairman of the House Energy and Commerce Subcommittee on Health. The event hashtag, #FixingHealthcare, was listed among the top five trends on Twitter in Washington, DC, during the event.
AEI scholars continue to be relied on by members of Congress and their staff for their analysis and recommendations on today’s most critical policy issues.

Among the specific topics AEI scholars have covered through briefings or formal testimony during the 115th Congress are:

- The federal student loan program (Jason D. Delisle),
- Reshaping the US military (Thomas Donnelly),
- The individual mandate in the Affordable Care Act (Thomas P. Miller),
- Thwarting Iran’s expanding influence across the Middle East (Kenneth Pollack),
- US-Asia economic relations (Derek Scissors),
- Early childhood education and human capital development (Katharine B. Stevens),
- The CHOICE Act (Peter J. Wallison), and
- US energy policy (Benjamin Zycher).

Additionally, AEI has hosted more than 30 government officials for public or private events.

Several AEI scholars were tapped by the administration for leadership roles in the government:

Scott Gottlieb, M.D., was confirmed by the US Senate in May as commissioner of the Food and Drug Administration.

Kevin A. Hassett, formerly AEI’s director of research for domestic policy, was confirmed in September by President Trump as chairman of the Council of Economic Advisers.

Adam Lerrick was nominated by President Trump in March for assistant secretary of the Treasury for international finance.

Additionally, former AEI Trustee Elisabeth (Betsy) DeVos was confirmed in February by the US Senate as our nation’s 11th secretary of education. She served on AEI’s Board of Trustees from June 2015 to November 2016.
The Senate Armed Services Committee adopted the core recommendation of AEI’s report *To Rebuild America’s Military* in its annual policy bill. Marking a significant change from how the Defense Department and Congress have historically approached sizing and shaping the military, the Senate Armed Services Committee adopted the three-theater force-sizing construct detailed in AEI’s landmark report *To Rebuild America’s Military* in its markup of the 2018 National Defense Authorization Act. Gary J. Schmitt, Thomas Donnelly, and Mackenzie Eaglen hosted members of the House Armed Services Committee to discuss the administration’s defense budget, what Congress can and should do to begin righting the ship, and the vital role of bipartisan leadership in the effort to give our armed forces the resources they need and deserve. Eaglen’s latest publication, *Repair and Rebuild: Balancing New Military Spending for a Three-Theater Strategy*, assigns programmatic depth and a budgetary cost to the strategic principles and three-theater force-sizing construct.

AEI scholars headlined sessions at the annual Conservative Political Action Conference (CPAC). During this year’s CPAC, Arthur C. Brooks participated in a discussion with former Hewlett-Packard CEO and 2016 presidential candidate Carly Fiorina before an audience of more than 1,200 on how the conservative movement should define success going forward. John R. Bolton also spoke from the main stage, as well as Timothy P. Carney, who joined a panel on government inefficiency. Additionally, AEI hosted a booth in the exhibition hall that included an interactive iPad version of Charles Murray’s “Bubble Quiz” from his *New York Times* bestseller *Coming Apart: The State of White America, 1960–2010* (Crown Forum, 2012), allowing conference attendees to see how their score compared to others at CPAC and the national average.

AEI’s Critical Threats Project developed a coherent strategy to end the civil war in Syria. Frederick W. Kagan and the Institute for the Study of War’s Kimberly Kagan outlined a plan for a course of action in Syria in a March report titled “America’s Way Ahead in Syria.” They briefed their plan to members of the Trump administration’s National Security Council, the Office of the Vice President, the Joint Staff, and the Office of House Speaker Paul Ryan. The study is the culmination of a series of exercises and war games to develop a strategy to defeat ISIS and al Qaeda in Syria that can wrest momentum away from terrorist groups; tamp down the likely confrontation between Kurdish, Shi’ite, and Sunni forces over upcoming territorial victories in Syria; and do so without a massive US troop commitment.


Two higher education bills in the House and Senate, respectively, were directly influenced by AEI’s work on private student loans and income share agreements. The Investing in Student Success Act, sponsored by Senators Todd Young (R-IN) and Marco Rubio (R-FL), and the Investing in Student Achievement Act, sponsored by Rep. Luke Messer (R-IN), were both directly influenced by AEI’s work on the issue. The latter bill was inspired directly by a Purdue University program, which launched from connections developed in an AEI working group on this topic.

AEI fellow briefed policymakers and military leaders on a new approach to fighting al Qaeda, ISIS, and their offshoots. Katherine Zimmerman published a paper titled “America’s Real Enemy: The Salafi-jihadi Movement,” in which she explains that the United States has adopted a “whack-a-mole” approach that only fights individual groups as they present direct threats, which both misunderstands the nature of the threat against the United States and generates resilience in the movement to counterterrorism tactics. Zimmerman filmed a complementary video for AEI’s “reThink Tank” series that has garnered nearly 25,000 views since its release on September 11. Zimmerman has been briefing the paper to key players in the military, in the administration, and on Capitol Hill.

AEI scholars reach leaders across the country with their scholarship. AEI scholars regularly traveled to cities around the country for public and private policy discussions and working groups on today’s most crucial policy issues with leaders in business, finance, entrepreneurship, and other professions. AEI offers several ways to become involved with the Institute; please visit aei.org/donate to learn more.
AEI’s Academic Programs creates a competition of ideas on America’s college campuses. AEI provides a counterbalance to the prevailing narrative on college campuses that caring about the poor and marginalized means favoring redistribution and identity politics. Our Academic Programs team reached thousands of students with our scholars’ work defending free enterprise and American leadership. We have grown our Executive Councils (groups of up to six students who lead AEI outreach on their campuses) to 375 leaders on 97 campuses and now have more than 570 faculty allies on 276 campuses in our network of core partners.

Our 2017 Summer Honors Program included an ideologically diverse group of students, with 35 percent self-identifying as conservative, 17 percent as liberal, and 21 percent as moderate.

AEI’s Leadership Network has grown to more than 400 members, who have received communication, policy, and leadership training from AEI. AEI’s Leadership Network, founded in 2014 to reach professionally and ideologically diverse state-based leaders with our scholars’ work, has grown to more than 400 members, who have received communication, policy, and leadership training from AEI. We hosted two Leadership Network Summits at AEI’s headquarters in 2017, each including approximately 75 leaders from around the country who heard from AEI scholars on critical policy issues, and we hosted a regional summit in Jacksonville, Florida, in October, bringing together 76 leaders from Florida and other southeastern states.

Middlebury students had no chance to challenge [Charles Murray] on any of his views. Thoughts and persuasion, questions and answers, were eclipsed by intimidation.

—New York Times Editorial Board

AEI scholars promote the competition of ideas on campuses that are increasingly closed off from civil debate and new ideas. Charles Murray’s experience at Middlebury College, during which he was physically intimidated and prevented by protestors from delivering a lecture on his 2012 New York Times bestselling book Coming Apart: The State of White America, 1960–2010, was perhaps the height of intolerance toward the free exchange of ideas on college campuses and was widely condemned in the nation’s most popular media outlets.
Thank you for your support.

Thank you to our community of generous investors whose support enables us to fight every day for polices that defend human dignity, expand human potential, and build a freer and safer world. AEI is deeply grateful for your investment in our mission and for the trust you have placed in AEI scholars and staff to pursue our shared principles and goals.
AEI’s unaudited financial performance for the 2017 fiscal year ended June 30 is provided in accordance with GAAP accounting conventions.

AEI is entirely privately funded. It accepts no funds from any US or foreign government and does not engage in contract research.

The Institute raised $24.2 million in contributions from individuals, $12.7 million from foundations, and $6.7 million from corporations. The sum of these fundraising activities, along with conference and miscellaneous revenue of $3 million, brought the Institute’s annual operating revenues to $46.6 million.

The past fiscal year brought the completed renovation of AEI’s new headquarters building. The addition of $16.6 million contributed to finish the building brought total revenues to $63.2 million, as depicted in the revenue table.

Consistent with previous AEI annual reports, investment activity, a gain of $21.5 million in fiscal year 2017, is excluded from the revenue shown.

Expenses for the year totaled $57.8 million, with 70 percent of that spending for programs, 17 percent related to the completion of building construction, 7 percent for management and administration, and 6 percent for fundraising. AEI allocates a portion of communication expenses to programs, but all communication expenses are shown in the table prior to that allocation.
BOARD OF TRUSTEES

TULLY M. FRIEDMAN, Co-Chairman
Chairman and Co-CEO
FFL Partners, LLC

DANIEL A. D’ANIELLO, Co-Chairman
Chairman and Co-founder
The Carlyle Group

CLIFFORD S. ASNESS
Managing and Founding Principal
AQR Capital Management, LLC

GORDON M. BINDER
Managing Director
Coastview Capital, LLC

ARTHUR C. BROOKS
President; Beth and Ravenel Curry
Scholar in Free Enterprise
American Enterprise Institute

RICHARD B. CHENEY

PETER H. COORS
Vice Chairman of the Board
Molson Coors Brewing Company

HARLAN CROW
Chairman
Crow Holdings

RAVENEL B. CURRY III
Chief Investment Officer
Eagle Capital Management, LLC

DICK DEVOS
President
The Windquest Group

JOHN V. FARACI
Chairman and CEO, Retired
International Paper Company

CHRISTOPHER B. GALVIN
Chairman
Harrison Street Capital, LLC

HARVEY GOLUB
Chairman and CEO, Retired
American Express Company
Chairman, Miller Buckfire

ROBERT F. GREENHILL
Founder and Chairman
Greenhill & Co., Inc.

FRANK J. HANNA
CEO
Hanna Capital, LLC

JOHN K. HURLEY
Founder and Managing Partner
Cavalry Asset Management

ROBERT H. MALOTT

PAUL F. OREFFICE

HENRY WENDT

EMERITUS TRUSTEES

ROBERT H. MALOTT

PAUL F. OREFFICE

HENRY WENDT

OFFICERS

ARTHUR C. BROOKS
President; Beth and Ravenel Curry
Scholar in Free Enterprise

DAVID GERSON
Executive Vice President

JASON BERTSCH
Senior Vice President, Development
and Communications

DANIELLE PLETKA
Senior Vice President, Foreign and
Defense Policy Studies

TOBY STOCK
Vice President, Development and
Academic Programs

RESEARCH STAFF

SAMUEL J. ABRAMS
Visiting Scholar

JOSEPH ANTON
Wilson H. Taylor Scholar in Health Care and
Retirement Policy

LEON ARON
Director, Russian Studies; Resident Scholar

JOHN P. BAILEY
Visiting Fellow

CLAUDE BARFIELD
Resident Scholar

MICHAEL BARONE
Resident Fellow

ROBERT BARRO
Visiting Scholar

ROGER BATE
Visiting Scholar

ERIC J. BELASCO
Visiting Scholar

ANDREW G. BIGGS
Resident Scholar

EDWARD BLUM
Visiting Fellow

DAN BLUMENTHAL
Director, Asian Studies; Resident Fellow

BABETTE BOLIEK
Visiting Scholar

JAMES C. CAPRETTA
Resident Fellow; Milton Friedman Chair

TIMOTHY P. CARNEY
Visiting Fellow

LYNNE V. CHENEY
Senior Fellow

JESSICA TRISKO DARDEN
AEI Jeane Kirkpatrick Fellow

JASON D. DELISLE
Resident Fellow

SADANAND DHUME
Resident Fellow

ROBERT DOAR
Marrinidge Fellow in Poverty Studies

THOMAS DONNELLY
Co-director, Marilyn Ware Center for
Security Studies; Resident Fellow

COLIN DUECK
AEI Jeane Kirkpatrick Visiting Scholar

MACKENZIE EAGLEN
Resident Fellow

NICHOLAS EBERSTADT
Henry Wendt Chair in Political Economy

JEFFREY EISENACH
Visiting Scholar

CLAY R. FULLER
AEI Jeane Kirkpatrick Fellow
NATIONAL COUNCIL

Members of AEI’s National Council are business and community leaders from across the country who are committed to AEI’s success and serve as ambassadors for AEI, providing us with advice, insight, and guidance as we look to reach out to new friends across the country. Those listed below have agreed to be publicly recognized for their support. We are also grateful to those who wished to remain anonymous. Please contact Toby Stock, vice president of development and academic programs (toby.stock@aei.org; 202.862.5834), if you are interested in learning more about the National Council.

BILL ACHTMEYER*
Chairman and Managing Partner
The Parthenon Group

JAY ADAIR*

KEN AND AMY ALDRIDGE

SUMNER E. ANDERSON*

ERWIN AND NANCY AULIS*

JOHN D. BAKER

THILO BEST*

RICHARD BOYCE*

BAYARD BOYLE JR.*
Chairman
Boyle Investment Group

CURTIS F. BRADBURY JR.
Chief Operating Officer
Stephens

GEOFFREY AND MELISSA
BRADSHAW-MACK

DOUGLAS AND ANGELA BRALY*
The Braly Group, LLC

BENNIE AND STEPHANIE BRAY

ARTURO BRILLEBOURG AND
HILDA OCHOA-BRILLEBOURG*

KENNETH BROAD*

CAROYLN AND PRESTON BUTCHER*

ERIC CANTOR*
Former House Majority Leader
Vice Chairman, Moelis & Company

MARK CARLIN*
Executive Vice President
Lockton Insurance Brokers, Inc.

JAMES D. CARRERER

RUSSELL L. CARSON*
Co-founder and General Partner
Welsh, Carson, Anderson & Stowe

ROBERT H. CASTELLINI*
Chairman
Castellini Company

JOHN K. CASTLE
Chairman and Chief Executive Officer
Castle Harlan, Inc.

NANCY AND GARY CHARTRAND*

ARMEANE AND MARY CHOKSI*

PETER B. CLARK

TIMOTHY C. COLLINS
Chief Executive Officer
Ripplewood Advisors, LLC

DAVID COULTER
Vice Chairman
Warburg Pincus

JOE AND KELLY CRAFT*

SUSAN CROWN AND
WILLIAM KUNKLER*
Managing Principal
The Cambria Group

ANTHONY J. DE NICOLA
Co-President
Welsh, Carson, Anderson & Stowe

KIMBERLY O. DENNIS*
President
Searle Freedom Trust

JAMES M. DENNY

R. H. (RIC) DILLON*
Chairman
Diamond Hill Investment Group, Inc.

JAMES H. DONOVAN*
Managing Director
Goldman Sachs

MARK DORMAN
Managing Director
Endeavor Capital

RICHARD DRIEHAUS*

JANET AND CRAIG DUCHOSOIS

KURT DUDAS*
Ehrenkrantz Partners

ROBERT A. ECKERT*
Mastel, Inc.

CHRISTOPHER F. EGAN*

MARTIN C. ELTRICH*
Partner
AEA Investors

JOHN EVANGELAKOS
Sullivan & Cromwell, LLP

MICHAEL "MIKE" B. FERNANDEZ*
Chairman
MBF Healthcare Partners

SEAN M. FEILER*
President
Equinox Partners, LP

C. T. AND KELLEY FITZPATRICK*

SPENCER FLEISCHER

EDWARD C. FORST*

MICHAEL J. FOURTCO JR.*
Hancock Park-Associates

TROY AND ELIZABETH FOWLER*
Board of Directors
Triad Foundation

SAM AND MARILYN FOX*
Founder
Porter Group

JOEL AND STELLA FREEDMAN*

BRENT FREI

JOSH FRIEDMAN

MARTIN GARCIA

JOHN S. GATES JR*

CHRISTINA AND RONALD GIDWITZ*

RAY GILMARTIN*

HENRY GORDON*

OLIVER GRACE

C. BOYDEN GRAY*
Founding Partner
Boyden Gray & Associates

JUDSON AND JOYCE GREEN*

DONALD AND ALLISON GULBRANDSEN*
Chief Executive Officer
Gulbrandsen Companies

HEATHER AND PAUL G. HAAGA*

KIP HAGOPIAN

JON D. HAMMES*
Hammett Company

KENNETH H. AND YVONNE S. HANNAN*
Colonial Navigation Co. Inc.

PHILIP D. HARVEY*

JAMES L. HASKEL

JIMMY AND DEE HASLAM*

KERRY MURPHY HEALEY

DAVID G. HERRO*

KENNETH HERSH*
George W. Bush Presidential Center

ED AND HELEN HINTZ*
Hintz Capital Management

H. LEE S. HOBSON*
Highside Capital Management

ROBERT B. AND JANET A. HOFFMAN*
Double V Trust Funds

AL AND KATHY HUBBARD*

STANLEY S. HUBBARD

MARTIN P. HUGHES*

PAUL J. ISAAC*
Arbiter Partners

BOBBY E. JELKS
President and Chief Executive Officer
Franks Management Company

JOHN D. JOHNS

MIKEE JOHNSON
Chief Executive Officer and President
Cox Industries Inc.

Y. MICHELE KANG*
Founder and Chief Executive Officer
Cognosante

SHELLY AND MICHAEL KASSEN

RICHARD A. KAYNE
Chief Executive Officer
Kayne Anderson Capital Advisors, Inc.

MICHAEL L. KEISER*
President
Bandon Dunes Golf Resort

JAMES M. KILTS*
Founding Partner
CenterView Capital
MARK E. KINGDON*  
Founder and Chief Executive Officer  
Kingdon Capital Management, LLC  
JOHN KINGSTON  
STEVEN KULINSKY  
YETTE AND LOU KLOBUCHAR JR.  
SUE KOFFEL  
CHRISTOPHER KOJIMA  
AMY KORENVAES*  
President  
Harlan and Amy Korenvaes Family Foundation  
HARLAN B. KORENVAES*  
Korenvaes Capital Management  
STEPHEN M. KOTRAN  
Sullivan & Cromwell, LLP  
WILLIAM KOURAKOS*  
Perella Weinberg Partners  
RODGER R. KROUSE*  
Co-Chief Executive Officer  
Sun Capital Partners, Inc.  
JOHN AND KARIN KUKRAL*  
KEN LANGONE  
BILL LAVERACK*  
Laverack Capital Partners  
HOWARD H. LEACH*  
President  
Leach Capital, LLC  
PHILIP LEBHERZ*  
Chairman  
Leberhz Insurance Services, Inc.  
SYLVIE LÉGÈRE AND TODD RICKETTS*  
ED LEVY JR. AND LINDA DRESNER  
THOMAS W. LEWIS  
MARTIN L UPTON*  
Partner  
Wachtell, Lipton, Rosen & Katz  
DANIEL S. LOEB*  
Chief Executive Officer  
Third Point LLC  
J. ROSS MCKNIGHT*  
Chairman of the Board  
Olney Bancshares of Texas, Inc.  
HARRY T. MCMAHON*  
Executive Vice Chairman  
Bank of America Merrill Lynch  
JOANIE AND DON McNAMARA  
KENNETH B. MEHLMAN*  
Member and Global Head of  
Public Affairs  
Kohlberg Kravis Roberts  
GREG MILLER*  
Larry H. & Gail Miller Family Foundation  
JAMES F. MOONEY*  
Partner  
The Baupost Group, LLC  
JOHN AND CARRIE MORGRIDGE*  
Morgridge Foundation  
MR. AND MRS. ROBERT S. MURLEY*  
PATRICK AND CHARLENE NEAL*  
Neal Communities  
ROBERT H. NIEHAUS*  
GCP Capital Partners LLC  
PETER NOLAN*  
DANIEL O'KEEFE*  
Managing Director  
Artesian Partners Limited Partnership  
RICHARD R. ONG  
Managing Director  
Eagle Capital Management, LLC  
DUANE AND SUSAN OTTENSTROER  
SARAH AND ROSS PEROT JR.*  
DAN AND KELLI PETERS*  
The Lovett & Ruth Peters Foundation  
CHARLES M. PIGOTT*  
NICHOLAS PINCHUK*  
STEVEN PRICE*  
Chairman and Chief Executive Officer  
Townsquare Media, Inc.  
MAYARI PRITZKER  
President  
Robert and Mayari Pritzker Family Foundation  
PHILIP J. PURCELL*  
ALLEN AND KELLI QUESTROM*  
JAMES C. RAHN*  
President  
Kern Family Foundation  
ANNE AND ROB RAYMOND*  
GEOFFREY S. RENNER*  
Co-Chief Executive Officer  
Auda Group  
BOB REYNOLDS*  
KATE RICHARD  
Warwick Energy Group  
J. JOE RICKETTS*  
RICHARD J. RIORDAN*  
THOMAS S. ROBERTS  
Managing Director  
Summit Partners  
RICHARD AND ALLISON ROEDER*  
ROBERT ROSENKRAZN*  
Chairman  
Delphi Financial Group  
JOHN W. AND JEANNIE M. ROWE*  
ROBERT ROWLING  
PETER S. RUMMEL*  
Chief Executive Officer  
Rummell Company LLC  
ALEXANDER SAINT-AMAND*  
Chief Executive Officer  
GIG  
NATHAN E. SAINT-AMAND, M.D.*  
MUNEER SATTER*  
Founder  
Satter Investment Management, LLC  
PAUL AND JUNE SCHORR  
JAMES M. SENEFF*  
Executive Chairman  
CNI Financial Group, Inc.  
JEFFREY L. SILVERMAN*  
Chairman and Co-Founder  
Agman Partners  
BILL AND LINDA STAVROPOULOS  
ROBERT K. STEEL*  
MARC STERN*  
BARRY S. STERNLICH  
Chairman and Chief Executive Officer  
Starwood Capital Group  
SHELDON M. STONE*  
DONALD AND SUSAN STURM*  
Sturm Financial Group  
MICHAEL S ULLIAN*  
Point72 Asset Management  
GENE SYKES  
STEVEN TANANBAUM*  
ROB TAYLOR  
RYAN TAYLOR*  
J. RONALD TERWILLIGER*  
CARL THOMA*  
Managing Partner  
Thoma Bravo, LLC  
JAMES S. TISCH*  
President and Chief Executive Officer  
Loews Corporation  
DICK UIHLEIN*  
Chief Executive Officer  
Uline  
GWENDOLYN VAN PAASSCHEN  
JOHN AND CAROL WALTER  
LES WARE*  
RAY AND HEATHER WASHBURNE*  
Charter Holdings  
BUD WATTS  
JEFF WYLER*  
Chief Executive Officer  
Jeff Wyler Automotive Family  
GLENN A. YOUNGKIN*  
MICHAEL AND ROBIN ZAFIROVSKI  
SCOTT ZAJAC*  

* Denotes National Council Co-Chair