

# American Enterprise Institute

## 2018 Annual Report



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 representative democracy, free enterprise, American strength and global leadership, solidarity with those at the periphery of our society, and a pluralistic, entrepreneurial culture.



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AEI's headquarters

# AEI IN 2018

MEASURING IMPACT .....	2
BOLSTERING FREE ENTERPRISE AND INNOVATION .....	4
STRENGTHENING AMERICA'S COMMUNITIES .....	10
PRESERVING FREEDOM AND OPPORTUNITY ..	16
RETHINKING 21ST-CENTURY EDUCATION ...	20
COUNTERING TRANSNATIONAL THREATS ....	24
REVITALIZING THE FOUNDATIONS OF AMERICAN DEFENSE .....	30
IDENTIFYING AND DEVELOPING LEADERS ....	34



# Message from the Chairmen and President



Co-Chairman Tully M. Friedman, President Arthur C. Brooks, and Co-Chairman Daniel A. D'Aniello

In 1938, the American Enterprise Institute was founded for the purpose of “bringing about a greater public knowledge and understanding of the social and economic advantages accruing to the American people through the maintenance of the system of free, competitive enterprise.”

Over the past 80 years, AEI has changed in many ways—adding new policy areas of focus, upgrading our communications strategies, and expanding our outreach to new audiences beyond Washington, DC. What has remained constant, however, is our guiding philosophy: that expanding freedom, increasing opportunity, and bolstering free enterprise are what will give the most people the best life. These are unchanging truths that underlie all that AEI does.

Adam Smith called it “the system of natural liberty,” but the free enterprise system is not guaranteed to us, and it cannot be taken for granted, even in America. For it to survive, it requires the understanding and consent of the public and of leaders in education, government, business, and the media. At the same time, leaders must cut through ideological and political

rhetoric and empirically demonstrate the advantages of free enterprise and American leadership for all people, especially those at the margins of society.

AEI’s role in making not just the empirical but the moral case for free enterprise has never been more urgent. We are taking the lead in advancing a moral consensus in our country, predicated on the principles of human dignity and human potential—and finding common ground by developing a policy agenda that pushes opportunity to those who need it the most.

Over the past year, AEI scholars engaged in new research and developed innovative reform ideas designed to solve some of America’s greatest challenges: leveraging the right tools in US trade policy; addressing the scourge of opioids in communities across the country; narrowing America’s skills gap; thwarting transnational threats emanating from China, Iran, North Korea, and Russia; and undergirding American national defense.

Coupled with this work has been an ambitious effort to educate today’s

and tomorrow’s leaders about the values of democratic capitalism. AEI’s Leadership Network now includes more than 650 mid-career executives across 40 states who span careers in local government, nonprofits, and community organizations and who have received policy, communication, and leadership training from AEI. Our Academic Programs team has reached thousands of college students across the country, arming them with the intellectual resources and leadership skills to advance the competition of ideas on their campuses.

The competition of ideas and freedom of speech itself are, dangerously, under attack today, as seen not only on college campuses but also in political debates, in the media, and even among friends and families. Americans must commit to stand athwart this trend, not by abandoning strong policy positions, but rather by engaging in open and civil debate. AEI conducts all of our work by engaging in a respectful—but vigorous—competition of ideas because we understand that spirited disagreements, expressed with civility, strengthen a democratic and pluralistic culture.

In the months and years ahead, AEI will continue to promote a competition of ideas while making the moral case for free enterprise. We know that AEI’s community will similarly continue to stand with us in this pursuit.

**Arthur C. Brooks**  
*President*

**Tully M. Friedman**  
*Co-Chairman*

**Daniel A. D’Aniello**  
*Co-Chairman*

# Measuring Impact

Measuring direct impact in the ideas industry is a difficult challenge. No single metric can show an organization's role in moving the needle on any given issue amid the static of thousands of other variables. Furthermore, longer-term work in improving public policy does not always yield immediate results. Therefore, in addition to tracking long-term impact, examples of which are highlighted throughout this report, AEI developed the following short-term proxy impact measures, which show where our output intersected with competitive demand in the marketplace of ideas in 2018.



**613**  
Television  
Interviews



**2,028**  
Op-eds\*



**463**  
Radio Hits



**25**  
Sunday Morning News  
Show Appearances



**56**  
Congressional  
Testimonies

\*202 op-eds in the print and online versions of the *New York Times*, *Wall Street Journal*, and *Washington Post*



**468,550**  
Podcast  
Downloads



**434,577**  
Followers



**159,146**  
YouTube  
Subscribers



## AEI was profiled in *Harvard Business Review*.

The *Harvard Business Review* asked Arthur Brooks to share the story of how 80-year-old AEI learned to function like a startup social enterprise, measure our success, and strengthen our efforts in the competition of ideas. As Brooks explained in the article, which appeared in the March/April *Harvard Business Review* edition, AEI has focused on measuring the impact of ideas, making the moral case, and communicating to new audiences. This is the first time *Harvard Business Review* has profiled a think tank.

**376 Student Executive Council Members  
on 106 Campuses Across America**

**651 Leadership Network Members  
Across 40 States**

# Spotlight

## AEI Podcasts



**AEI's flagship weekly podcast series, *Banter*, surpassed its 300th episode.** *Banter* features leading thinkers and political commentators on a wide range of policy topics. Episodes in 2018 included conversations about economic mobility, cryptocurrency, threats emanating from Russia, populism and the future of liberal democracy, and America's National Defense Strategy. The series has garnered a loyal and growing following of subscribers; as of November 2018, it has been downloaded more than 560,000 times since 2015.



AEI's Jonah Goldberg and Ricochet's Rob Long

### ■ AEI hosted a high-profile podcast summit.

On May 10–11, hosts of 14 popular conservative podcasts (among them AEI scholars)—along with producers and advertisers—gathered at AEI for a podcast summit, cohosted by Ricochet and DonorsTrust. The summit featured live recordings with prominent guests including Secretary of Defense James Mattis and Sen. Marco Rubio (R-FL), as well as breakout sessions on how to produce and market podcasts and attract advertisers.

**To learn more about AEI's podcast offerings,** subscribe to AEI's twice-monthly Podcast Network newsletter at [aei.org/banter](http://aei.org/banter) and subscribe to any of AEI's podcasts on your favorite platform.

### ■ AEI launched several new podcasts to help disseminate its work to broader audiences.

In addition to *Banter*, podcasts featuring AEI scholars include:

- **AEI Events Podcast.** This podcast features audio of AEI's public events.
- **The Arthur Brooks Show.** Produced in collaboration with the Vox Media Podcast Network and hosted by **Arthur Brooks**, the podcast's first season focused on the art of disagreement in the context of our toxic political climate. The podcast has more than 454,000 total downloads as of November 2018.
- **Bradley Lecture Series.** This podcast features historical audio of AEI's long-running lecture series.
- **The Femsplainers.** Hosts **Christina Hoff Sommers** and Danielle Crittenden (freelance author and journalist) explore topics in modern feminism with a wide variety of guests.
- **Managing the Future of Work.** AEI Visiting Fellow and Harvard Business School Professor **Joseph Fuller** and his Harvard colleague Bill Kerr talk to leaders currently grappling with the forces reshaping the nature of work.
- **Political Economy.** **James Pethokoukis'** long-running podcast features discussions with guests on politics and the economy.
- **The Remnant.** **Jonah Goldberg's** conversational podcast takes an in-depth look at the state of conservatism today.
- **The Report Card with Nat Malkus.** **Nat Malkus** interviews leaders and experts in education.



# Bolstering Free Enterprise and Innovation



***Especially over longer time horizons, the most important driver of growth is innovation.** And fundamentally, innovation is driven by letting loose the creative power of individuals. . . . Avoiding excessively high tax rates, reducing regulation and other barriers to technological progress, and maintaining a posture of openness to the rest of the world through international trade are just some of the ways public policy can support innovation.”*

—Michael R. Strain, Director, Economic Policy Studies; John G. Searle Scholar

Since AEI’s founding, **our scholars have sought to advance free enterprise and encourage innovation to maximize prosperity for the greatest number of people.**

They focus on issues including monetary policy, financial markets, taxes, health care, entitlement reform, and international trade and finance. Over the past year, our scholars’ efforts called particular attention to the developments in US trade policy, the threats of overregulation and burdensome government mandates in the housing finance system, the market-distorting nature of programs contained in the nation’s farm bill, the need for creative destruction in the technology sector, and the importance of transparency in tax policy. Across these and other areas, AEI scholars have significantly influenced policy debates.



# Spotlight

## Unpacking US Trade Policy

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US trade policy featured prominently in the policy debates in 2018, with the announcement of US tariffs of 10–25 percent on \$250 billion worth of Chinese imports, a new trade agreement with Mexico and Canada (USMCA), and the opening of trade negotiations with the United Kingdom, the European Union, and Japan.

**Claude Barfield, Mark Perry, James Pethokoukis, Derek Scissors, and Michael Strain** wrote and commented extensively on US trade policy, robustly calling for free trade and offering their analysis on the range of tools the US government can use to achieve its aims and the effects of such tools on US businesses, workers, and consumers.

In September, Scissors and Strain filmed a long-form AEI “Viewpoint” video in which they debated free trade and US policy in the Trump administration. Strain also addressed various aspects of US trade policy in his regular Bloomberg column.

Pethokoukis launched a daily “Trade War Diary” on AEIdeas. He appeared frequently on television to

discuss the continual developments on shows such as CNBC’s *Squawk on the Street*, *Power Lunch*, *Closing Bell*, and *Worldwide Exchange*. Perry wrote regularly on his widely read blog, *Carpe Diem*, about the effects of the new steel and aluminum tariffs on US producers, in particular.

### ■ **Derek Scissors conducted numerous high-profile media interviews on US-China economic relations. Derek Scissors’**

television appearances included CNN’s *New Day*, Fox Business’ *Countdown to the Closing Bell*, CNBC World’s *The Rundown*, CNBC’s *Squawk Box*, and Bloomberg’s *Daybreak Asia*. Scissors also produced two AEI “In 60 Seconds” videos in March and July. In one, he argued that President Trump’s initial tariffs against China would not have much impact. In the other, he proposed an alternative to tariffs to push back on China’s infringements of intellectual property. He suggested punitive action in the form of sanctions on state-owned enterprises that have demonstrably benefited from stolen intellectual property. The videos garnered 9,680 views combined, as of November 2018.

### ■ **The Chinese Embassy sought Claude Barfield’s expertise on Sino-US trade relations. Claude Barfield**

participated in a seminar organized by the Chinese Embassy where American trade experts and Chinese trade officials discussed Sino-US trade relations. Topics included the trade war, future trade relations between China and the United States, and Chinese industrial policy. In July, he appeared on Bloomberg’s *Bloomberg Daybreak* to discuss the trade war.

### ■ **South Korea’s minister for trade requested AEI thought leadership on US trade policy. Claude Barfield**

hosted South Korean Minister for Trade Kim Hyun-chong at AEI for a private roundtable with experts from other think tanks about the Trump administration’s trade policy and US-Korea trade issues.

To learn more, visit [aei.org/tradepolicy](https://www.aei.org/tradepolicy).

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■ **AEI’s “Agriculture Policy in Disarray” series attracted the attention of hundreds of congressional staff members.**

**Vincent Smith** released *Agricultural Policy in Disarray* (AEI Press, December 2018), a two-volume compilation of 19 reports on agriculture policy in the context of the 2018 Farm Bill. The volumes evaluate how farm programs affect farm incomes, US food security, rural communities and poverty, the environment, and US trade relations. They explore how farm-oriented programs authorized by the existing farm bill funnel federal funds to households with above-average incomes and how such programs incentivize farms to operate in ways that waste economic resources. Staff from more than 350 Senate and House congressional offices attended one of the program’s 20-plus briefing sessions and meetings throughout the course of the project.

■ **The Senate Foreign Relations Committee website featured AEI scholars’ work on emergency aid reforms.**

**Vincent Smith’s** coauthored op-ed with Christopher Barrett (Cornell University), Stephanie Mercier (Agricultural Perspectives), and Erin Lentz (University of Texas at Austin) on how the Food for Peace Modernization Act would help address critical problems with current food aid policies was featured in March on the committee’s website. Smith advised the Senate Foreign Relations Committee and House Foreign Affairs Committee on critical reforms to the US emergency aid program.

■ **Chairman of the House Agriculture Committee spoke at AEI about proposed changes to the Supplemental Nutrition Assistance Program (SNAP).**

**Robert Doar** and former AEI Research Fellow Angela Rachidi hosted House Committee on Agriculture Chairman Mike Conaway (R-TX) to discuss proposed changes to SNAP and what they could mean for SNAP recipients. Over the year, Doar and Rachidi wrote extensively about the proposed changes to SNAP. Doar also testified before the House Committee on Education and the Workforce, emphasizing the need to include employment requirements in benefit programs.

■ **The administration is using AEI’s housing market data to assess risk.**

AEI’s Center on Housing Markets and Finance, codirected by **Lynn Fisher** and **Edward Pinto**, with **Stephen Oliner**, produced indexes of mortgage and collateral risk, which introduce—for the first time ever—a measure of transparency to housing finance by tracking these risks in nearly real time. The US Department of Housing and Urban Development, the Federal Housing Administration, and the US Treasury Department are using the center’s data and findings to assess risk.

■ **The “Facebook Hearings” on Capitol Hill drew on AEI’s technology policy work.**

**Mark Jamison** testified before the Senate Judiciary Committee, and his work was used by the House Energy and Commerce Committee in its Facebook oversight hearings. Throughout the year, other AEI scholars testified before Congress on issues of technology, regulation, and economic growth, including **Michael Strain** before the Joint Economic Committee and **Roslyn Layton** before the Senate Judiciary Subcommittee on Antitrust, Competition Policy, and Consumer Rights on examining the competitive impact of the T-Mobile–Sprint transaction. Among those testifying alongside Layton were the CEO of T-Mobile and the executive chairman of Sprint. In September **Jeff Eisenach** and **Shane Tews** participated in a 5G wireless summit at the White House.

■ **An AEI video explaining cryptocurrency was among the leading user searches on Google Videos on this topic.**

Throughout the year, AEI scholars used the Institute’s video platforms to offer their opinions about technology and innovation, covering topics such as bitcoin, cryptocurrency, blockchain, and Big Tech. Of these videos, “What Is Cryptocurrency?” with **Mark Jamison** was one of the highest-ranked links on a Google Videos search for “what is cryptocurrency” between April and August. Additionally, **Paul Kupiec** hosted a public event with industry experts to discuss the economic and political issues associated with cryptocurrencies. He also published a series of op-eds on the issue.

■ **The US Supreme Court ruled along the lines of an amicus brief submitted by AEI scholars for the case *South Dakota v. Wayfair, Inc.***

In March, **Alex Brill** and **Alan Viard**, along with Michael Knoll (University of Pennsylvania) and Ruth Mason (University of Virginia), filed an amicus brief with the US Supreme Court in support of the petitioner in *South Dakota v. Wayfair, Inc.* They attested that South Dakota’s sales and use tax regime promotes neutral treatment of in-state and interstate commerce and is not excessively burdensome on remote sellers. Following the Court’s 5–4 ruling in June, Brill and Viard published an article in the *Hill*, “Supreme Court Ruling on Online Sales Tax Sets Level Playing Field,” explaining that, as a result of the ruling, American businesses will compete based on the quality of the goods and services they provide and the prices they charge. They were interviewed and cited by several outlets, including *National Journal*, the *Los Angeles Times*, CNBC, and SiriusXM.





Claude Barfield



Robert Doar



Rep. Mike Conaway (R-TX)



Michael Strain



Alan Greenspan, former chairman of the Board of Governors of the Federal Reserve



Edward Pinto



Aparna Mathur



Vincent Smith





Rep. Andy Barr (R-KY)



Sen. Orrin Hatch (R-UT)



Desmond Lachman and Alessandro Leipold, International Monetary Fund



Derek Kan, under secretary for policy, US Department of Transportation



Ben Bernanke, former chairman of the Board of Governors of the Federal Reserve



Joseph Antos



Alan Viard



Stan Veuger

■ **AEI's Open Source Policy Center (OSPC) is transforming tax policy analysis at the highest levels of government.** AEI's OSPC, directed by [Matt Jensen](#), developed a cutting-edge platform for universal basic income policymaking and policy analysis. These capabilities became the most popular features on OSPC's PolicyBrain and received significant attention from high-level users, including congressional staff and White House economic staff.

■ **Major new AEI study helped track prescription drug affordability and called for an increase in competition.** [Joseph Antos](#) and [James Capretta](#) released an AEI Economic Perspectives report in July analyzing the major factors that affect the prices of prescription drugs for patients and purchasers. In "Prescription Drug Pricing: An Overview of the Legal, Regulatory, and Market Environment," Antos and Capretta attest that policymakers should study the existing arrangements carefully and consider what can be done to promote more supply competition (thus minimizing monopolistic pricing) in all drug categories.

■ **James Capretta's thoughtful work on entitlement reform helped draw Americans' attention to the crisis now at our doorstep.** [James Capretta's](#) spring 2018 *National Affairs* essay "Rethinking Medicare" explains why the United States needs a new approach to rein in runaway entitlement spending, outlining the problems with the current structure of Medicare and offering long-term solutions to keep the program solvent. His June essay in *RealClearPolicy* explains that, at the current rate, Social Security and Medicare will run out of reserves in 2034 and 2026, respectively.

■ **Congress and the media called on AEI scholars for their analysis during the tax reform debate.** AEI scholars, particularly [Alex Brill](#), [Michael Strain](#), [Stan Veuger](#), and [Alan Viard](#), were on the front lines of the tax reform debate leading up to the December 2017 Tax Cuts and Jobs Act, with frequent commentary and analysis, media appearances, and briefings with policymakers. In June, Brill and AEI Research Assistant Derrick Choe discussed the impact of the tax cuts on charitable giving in their AEI Economic Perspectives report. They found that the new tax law could reduce charitable giving by \$17.2 billion in 2018. Their work sparked media interest, including notable mentions from *Politico*, Bloomberg, CNBC, and *Tax Notes*.

■ **Former Fed Chairman Ben Bernanke discussed at AEI the success of quantitative easing programs.** On June 7, [Desmond Lachman](#) interviewed former Chairman of the Board of Governors of the Federal Reserve System Ben Bernanke to discuss whether quantitative easing programs have successfully stimulated the US economy in the 10 years since the Federal Reserve launched its first program. Following their conversation, a panel of economic policy experts discussed the success of economic policy reforms in recent years. Video of the event on AEI's YouTube channel has more than 10,000 views.

■ **Counterintuitive research findings on medical debt drew attention from Capitol Hill and the media.** [Benedic Ippolito's](#) coauthored July study in *Health Affairs* found that medical spending increases with age but that young people actually have much more medical debt in collections than older generations. This finding proved counterintuitive to many people, and the paper was featured in *Axios*, the *Associated Press*, *Healthcare Dive*, and the *Advisory Board Daily Briefing*, among other sources. Ippolito was quoted in the *New York Times* and *PBS NewsHour*. The research findings also garnered attention on Twitter and Capitol Hill from relevant committee and subcommittee staff.

■ **Andrew Biggs has been implementing reforms to fix Puerto Rico's insolvent public pension system and improve its economy.** Since September 2016, [Andrew Biggs](#) has served on the Financial Oversight and Management Board for Puerto Rico, tasked with restructuring the bankrupt Puerto Rican government's debt and implementing reforms to increase long-term economic growth. On the board, Biggs has primary responsibility for Puerto Rico's insolvent public pension system; the board's plan to shift all employees to defined contribution retirement accounts is the most far-reaching public pension reform in the US to date. Biggs has also been the board's leader on policies to improve the island's sub-40 percent labor force participation rate, which for three decades has been nearly the worst in the world. Reform policies include a local earned income tax credit, work requirements for food stamps, and steps to make the island's rigid labor market more flexible. As part of these efforts, he has engaged in face-to-face negotiations with the island's governor and his top officials.





# Strengthening America's Communities



*How can we rebuild an economy and a culture where everyone has the tools to be necessary?  
To their families, their communities, and their employers?"*

—Arthur C. Brooks, President; Beth and Ravenel Curry Scholar in Free Enterprise

**This question animated a significant body of work from AEI scholars over the past year.** Across a host of critical economic, social, and cultural issues, AEI scholars approached specific policy challenges through the lens of restoring human dignity and human potential and making every American necessary. **From increasing economic mobility to studying the opioid epidemic to helping the formerly incarcerated, AEI scholars led empirical work and on-the-ground research** in local communities and produced reform recommendations designed to strengthen America's communities.

# Spotlight

## Combating the Opioid Epidemic

The opioid crisis is unprecedented in its lethality and economic toll. One in 65 deaths in America in 2016 was classified as opioid related by the Centers for Disease Control and Prevention, and a staggering one fifth of all deaths among Americans age 24 to 35 were due to opioids. The White House Council of Economic Advisers estimated the annual direct economic costs of the crisis at \$72.3 billion.

Policymakers, health care professionals, and researchers must understand the origins of this public health and social crisis to effectively address it. AEI has responded with a robust body of work from economists **Roger Bate** and **Alex Brill**, demographer **Nicholas Eberstadt**, journalist **Naomi Schaefer Riley**, and addiction psychiatrist **Sally Satel**.

These scholars are studying the problem from economic, cultural, child welfare, and medical perspectives. As important, AEI has been learning from local communities what is working well and how successful programs might be scaled up through effective public policies. To that end, Satel has embedded herself for one full year in a small community in southern Ohio that the crisis has hit particularly hard. During her time there, she is treating addicted patients and conducting research.

To learn more about AEI's work on this issue, visit [aei.org/spotlight/opioid-policy-project](http://aei.org/spotlight/opioid-policy-project).

■ **Sally Satel published a series of major pieces in prominent news outlets to help policymakers and public health professionals understand the roots of the crisis.** **Sally Satel's** pieces appeared in the *Wall Street Journal*, *Health Affairs*, *National Affairs*, and *Politico*. They addressed different aspects of the crisis, including the myth of what is driving the crisis, opioid prescription control, the public and political response to the epidemic, and harm-reduction efforts.

■ **A number of major news outlets cited Alex Brill and Scott Ganz's opioid study.** In their working paper, "The Geographic Variation in the Cost of the Opioid Crisis," **Alex Brill** and **Scott Ganz** estimate per capita state-level and county-level non-mortality and total economic burdens of the opioid crisis in 2015. Brill and Ganz's study was cited in *US News & World Report*,

the *Washington Examiner*, and the *Charleston Daily Mail* and mentioned in tip sheets from the *Wall Street Journal*, *FiveThirtyEight*, and the *Washington Examiner*. Brill was also interviewed by CNBC's *Squawk Box*.

■ **AEI hosted Joint Economic Committee Member Mike Lee (R-UT) for a discussion on the opioid epidemic.** Sen. Mike Lee (R-UT) discussed at AEI in March a new report from the Joint Economic Committee's Social Capital Project, "The Numbers Behind the Opioid Epidemic." The event featured remarks from Sen. Lee and a discussion with **Sally Satel** and *National Affairs'* Yuval Levin, moderated by Scott Winship (Social Capital Project, Joint Economic Committee).

**■ Gov. Doug Ducey (R-AZ) keyed an AEI event on the opioid crisis and foster care.**

The June event was hosted by [Sally Satel](#) and [Naomi Schaefer Riley](#) and brought together health and family policy experts to discuss what states are doing to address the challenges related to the opioid epidemic. Schaefer Riley also hosted Gov. Matt Bevin (R-KY) for an AEI public event to discuss reforming foster care systems at the state level.

**■ Sen. Rob Portman (R-OH) keyed an AEI event on international shipment of opioids.**

[Richard Geddes](#) hosted Sen. Rob Portman (R-OH) at AEI for a public address on the foreign sources of illicit opioids and how drugmakers use the United States Postal Service to send drugs to Americans who purchase them through online pharmacies. Sen. Portman discussed legislative steps that could be taken to ensure the postal service is strictly screening such deliveries. Geddes then moderated a discussion with postal policy consultant Jim Campbell, Hofstra University's Julian Ku, and former Secretary of Homeland Security Tom Ridge.

**■ Roger Bate led a field study testing opioid samples procured through three sources to determine authenticity.**

In October, [Roger Bate](#) published "A Field Study of the Opioid Market: Authenticity and Price from Pharmacy to Street." The working paper sheds light on how access to opioids has changed over time as the federal government has implemented restrictions and guidance that has limited physicians from prescribing these drugs. For several months in 2018, Bate interviewed pain patients in Philadelphia who allowed him to access the opioid products they used. Bate was able to then test samples of opioids that were obtained through three sources: brick-and-mortar pharmacies using a legitimate prescription, internet pharmacies with no prescription, and private dealers. The data indicate that street products are both less authentic and more expensive; 22 percent of samples procured on the street failed authentication. Bate published a related AEI Economic Perspectives report in December titled "Fentanyl and Fatal Overdoses: From Chemical Production in China to Users in Pennsylvania."

**■ Major publication by AEI scholars, Speaker Paul Ryan (R-WI), and other experts promoting economic mobility garnered high-profile attention.**

In early January, AEI released a new compendium titled *This Way Up: New Thinking About Poverty and Economic Mobility* in partnership with Opportunity America. The collection offers new conservative thinking about how to help Americans move up the economic ladder by looking beyond government and harnessing the power of communities. It features original, accessible essays from Speaker Paul Ryan, [Arthur Brooks](#), [Robert Doar](#), [Charles Murray](#), [Michael Strain](#), and several other experts. AEI marked its release with a public event featuring Rep. Adrian Smith (R-NE) and an event for congressional staff and policymakers. Visit [aei.org/thiswayup](http://aei.org/thiswayup) to learn more.

**■ New online AEI debate series advanced discussion and understanding of today's most pressing issues facing low-income Americans.**

Under the direction of [Robert Doar](#), AEI launched an online Poverty and Social Policy Debate Series of point/

counterpoint essays by various experts on policies intended to reduce poverty and increase opportunity for low-income Americans. Issues debated include child support assurance, restricting the purchase of sugar-sweetened beverages with SNAP benefits, and the merits of work requirements in safety-net programs.

**■ House Judiciary Committee Members headlined an AEI event on criminal justice reform.**

In July, [Brent Orrell](#) and [Ryan Streeter](#) hosted an event on criminal justice reform with Reps. Hakeem Jeffries (D-NY) and Doug Collins (R-GA) to discuss evidence-based models that can help formerly incarcerated individuals reintegrate into work and society. Related to this work, [Grant Duwe](#) also released a series of reports exploring specific criminal justice reform interventions. The report topics include the effectiveness of education and employment programming for prisoners; social support programming such as prison visitation, faith-based programs, and mentoring; and a continuum of care from prison to the community.





Alex Azar, secretary of the US Department of Health and Human Services



Sally Satel



Rep. Hakeem Jeffries (D-NY)



Gov. Doug Ducey (R-AZ)



Sen. Mike Lee (R-UT)



Naomi Schaefer Riley



Brent Orrell



Gov. Matt Bevin (R-KY)

**■ New data set offers critical resource for policymakers to analyze poverty, inequality, mobility, and the distributional consequences of government transfers, taxes, and tax credits.**

**Bruce Meyer** and James Sullivan (University of Notre Dame) developed the Comprehensive Income Dataset, which takes into account income, all transfer payments, and government benefits to arrive at a more accurate poverty level based on consumption. The White House Council of Economic Advisers released a report in July that discussed expanding work requirements in noncash welfare programs, which heavily cited Meyer and Sullivan's past work.

**■ Media prominently covered a new AEI report on the factors crucial to black men's success.**

In June, **Robert Doar** and **W. Bradford Wilcox** hosted an event with the Institute for Family Studies to release a new report titled *Black Men Making It in America: The Engines of Economic Success for Black Men in America*. The report indicates that education, military service, employment, church participation, and stable marriages were crucial to black men's success. Contact with the criminal justice system, on the contrary, stood as one of the biggest obstacles to success. Event panelists included Columbia University's Ron Mincy and the *Washington Post*'s Michelle Singletary. The report was covered by the *Hill*, the *Federalist*, *Politico*'s "Morning Money," and the *Washington Free Beacon*.

**■ AEI and the Brookings Institution continue to collaborate on a multiyear project on federal paid family and medical leave policies.**

In September, the AEI-Brookings Working Group on Paid Family Leave, directed by **Aparna Mathur** and Isabel Sawhill (Brookings Institution), released its second report, providing an analysis of the cost modeling of federal paid leave proposals, while also explaining the main drivers of differences in cost estimates. To model the costs of paid leave, the project drew on the work of Jeff Hayes (Institute for Women's Policy Research), Ben Gitis (American Action Forum), and Sarah Jane Glynn (Vanderbilt University). Mathur and Sawhill also commissioned reports on rethinking the social insurance system from Heather Boushey and Elisabeth Jacobs (Washington Center for Equitable Growth) and Doug Holtz-Eakin and Ben Gitis (American Action Forum).

**■ White House Council of Economic Advisers (CEA) chairman gave keynote address at AEI on America's War on Poverty.**

In September, **Robert Doar**, **Bruce Meyer**, and **Michael Strain** hosted CEA Chairman Kevin Hassett for a discussion on the CEA's claim in a July report that the "War on Poverty is largely over and a success." Hassett noted that real poverty still exists in the United States but that, based on household consumption, only 3 percent of the population is living below the poverty line. He argued for a new round of welfare reform based on low poverty numbers, the expanding economy, and a shortage of work participation among welfare recipients. Following Hassett's remarks, Doar and Meyer discussed work requirements in SNAP and workforce development with the Brookings Institution's Isabel Sawhill and the Urban Institute's Demetra Nightingale.

**■ New consensus report on increasing mobility for working-class Americans released.**

**Robert Doar**, **Nicholas Eberstadt**, **Ryan Streeter**, and **W. Bradford Wilcox** participated in a working group with nine other researchers from eight organizations on public policy and broader social and cultural changes that could increase mobility for working-class Americans. The working group met six times in 2017 and 2018 and released a consensus report in November titled *Work, Skills, Community: Restoring Opportunity for the Working Class*. AEI promoted the report heavily, including through a public event, site visits in Michigan and Ohio, and direct dissemination to hundreds of state and local policymakers across the country.





Karlyn Bowman



Sen. Rob Portman (R-OH)



Alex Brill



Ryan Streeter



Charles Murray



Seema Verma, administrator of the Centers for Medicare and Medicaid Services



Rep. Doug Collins (R-GA)



Kevin Hassett, chairman of the Council of Economic Advisers





# Preserving Freedom and Opportunity



*Some cultures are better than others, not because of some gauzy metaphysical claim, but because they allow more people to live happy, prosperous, meaningful lives without harming people in the process. Because this is true, **it is incumbent upon all of us to fight for a better society, to defend the hard-learned lessons of human history, and to be grateful for what we have accomplished.***

—Jonah Goldberg, Fellow; Asness Chair in Applied Liberty

**AEI has a long history of producing groundbreaking work on American citizenship, politics, good government, public administration, and political polarization.**

From Walter Berns to Robert Goldwin to our present work on restoring the legislative branch's constitutional design, AEI scholars have contributed a substantial body of knowledge to Americans' understanding of how their government should function. Over the past year, AEI led a major body of work intended to foster a greater understanding about Americans' attitudes toward economic mobility and trust in institutions; show how external factors such as educational attainment, employment sector, family structure, and demographics affect attitudes toward the American dream; and find solutions to America's increasing partisan divide and growing populist movement.

# Spotlight

## Revitalizing a Limited, Energetic Government

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In America and around the world, statism and democratic socialism are on the rise, posing serious threats to human flourishing. As **Michael Strain** wrote in a major piece appearing in the December 2017 edition of *National Review*, “Following a campaign cycle in which long-term economic change collided with the consequences of the Great Recession and a declining culture, and with disdain for political elites and an element of chance mixed in, here we are—in a populist moment, with a populist president, our politics thrown out of balance.”

**Jonah Goldberg’s** latest book, *Suicide of the West: How the Rebirth of Tribalism, Populism, Nationalism, and Identity Politics Is Destroying American Democracy* (Crown Forum, April 2018), makes the case that America and other democracies are in peril of losing the will to defend the values and institutions that sustain freedom and prosperity. Instead, he argues, we are surrendering to populism, nationalism, and other forms of tribalism.

The book debuted at number four on the *New York Times* hardcover nonfiction list and reached six on the Amazon rankings. The book tour featured appearances on Comedy Central’s *The Daily Show*, CNN’s *The Lead with Jake Tapper*, NPR’s *Morning Edition*, and Fox News’

*Special Report with Bret Baier*. In July, Goldberg hosted Speaker of the House Paul Ryan (R-WI) to discuss the importance of maintaining constitutional principles and mediating institutions in a period of populist and tribalist upheaval.

AEI is in a unique position to bridge the divide among Americans—restoring patriotism, civic health, and confidence in institutions of meaning. Indeed, AEI’s role is more important than ever in showing how limited, energetic government can empower individuals to earn their own success and lead lives of dignity.

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### ■ Former Indianapolis Mayor Stephen Goldsmith helped launch a new collection of essays from AEI scholars on reviving localism in America.

**Ryan Streeter** and Joel Kotkin (the Center for Opportunity Urbanism) collaborated on the publication of a collection of essays, *Localism in America*. The volume brings together an eclectic and ideologically diverse group of thinkers to examine various aspects of local governance and problem-solving on topics such as education policy, welfare reform, and the value of competition among local governments. The essays, which include work from **Samuel Abrams**, **Karlyn Bowman**, **Robert Doar**, **Frederick Hess**, and **Thomas Miller**, were released at a public AEI event in February, featuring a keynote address from Goldsmith.

### ■ AEI scholars collaborated on a major bipartisan initiative to confront the most destructive trends in populism and political extremism. **Danielle Pletka** and **Dalibor Rohac**

collaborated with Vikram Singh (Center for American Progress) on a major initiative, “Defending Democracy and Underwriting the Transatlantic Partnership.” The project aims to analyze and address the internal drivers of populist politics, seeking to strengthen support for democratic institutions and a renewed transatlantic alliance. The project published several reports that culminated in a capstone white paper, *Partnership in Peril: The Populist Assault on the Transatlantic Community*. Rohac discussed the work on Fox News’ *Tucker Carlson Tonight*, and Pletka and Singh joined Pedro Echevarria on C-SPAN. To learn more, visit the project’s webpage at [aei.org/transatlantic](http://aei.org/transatlantic).





Peter Wallison



Jonah Goldberg



Sean Trende



Rep. Brad Wenstrup (R-OH)



Speaker of the House Paul Ryan (R-WI)



Republican Study Committee (RSC) Chairman-elect Mike Johnson (R-LA) and RSC Chairman Mark Walker (R-NC)



Rebecca Burgess



Judge Ken Starr and John Yoo



■ **Peter Wallison's new book calls for reining in the administrative state.** **Peter Wallison's** latest book, *Judicial Fortitude: The Last Chance to Rein in the Administrative State* (Encounter Books, October 2018), argues that the administrative agencies of the executive branch are gradually taking over the legislative role of Congress and that the courts bear the major responsibility. Since 1937, the judiciary has allowed the administrative agencies great latitude in their interpretation of their statutory authorities and allowed the executive branch to assume more and more of the legislative powers of Congress. The result has been the uncontrolled growth of regulation and a significant threat to the rule of law in the United States. The book was released at an AEI public event, and Wallison published related pieces in the *Federalist Society*, the *Hill*, and the *Wall Street Journal*. He appeared on CNBC's *Squawk Box*, KDKA's *KDKA Radio Afternoon News*, WNYC's *The Brian Lehrer Show*, and AEI's *Banter* podcast to discuss the book's ideas, and he also produced an "In 60 Seconds" video for AEI's YouTube channel. In a December *Wall Street Journal* piece, House Financial Services Committee Chairman Jeb Hensarling (R-TX) praised Wallison's book as "compelling" and a "clarion call" for the judiciary to re-establish checks and balances.

■ **AEI work on veterans' issues led to a bipartisan bill in the House to implement the suggested reforms.** **Rebecca Burgess** released a report in March, "Economic Opportunity, Transition Assistance, and the 21st-Century Veteran: The Case for a Fourth VA Administration." It argues that Congress should reformulate veteran legislation to emphasize post-service growth and employment initiatives and avoid feeding a "broken veteran" narrative. The report, read by Rep. Brad Wenstrup (R-OH), led to a bipartisan bill to implement Burgess' proposed reforms. The bill was introduced in the House as the VET OPP Act in April and passed the full House in July. Beyond Capitol Hill, Burgess was invited to speak at the American Legion Centennial Celebration held in Minneapolis in August—the 100th anniversary celebration for the largest veterans service organization in the United States. Her March piece in *War on the Rocks*, "Beyond the 'Broken Veteran': A History of America's Relationship with Its Ex-Soldiers," which is based on her report, is being used in several university courses.

■ **AEI scholars reconvened for another season of the longest-running election discussion series in Washington, DC.** **Michael Barone**, **Karlyn Bowman**, **Norman Ornstein**, **Sean Trende**, **John Fortier** (Bipartisan Policy Center), and **Henry Olsen** (Ethics & Public Policy Center) gathered at AEI for two Election Watch events in the fall, before and just after the midterm elections, during which they discussed voter trends, their predictions, the implications, and the election results. The events reached a combined in-person or livestream audience of 2,200 people.

■ **AEI project provided valuable new data on social capital and the American dream.** **Samuel Abrams** and **Ryan Streeter** directed a new project to more fully understand Americans' views on community, institutional trust, engagement, and politics and gauge the state of connectedness and cohesion in America's communities. The survey instrument was created and workshopped by several AEI scholars, including **Karlyn Bowman**, **Robert Doar**, **Nicholas Eberstadt**, and **Charles Murray**. The survey was put in the field in mid-2018 with a sample size of approximately 3,000. AEI will publish a report discussing the topline results in January, host a public event to discuss the survey, and release a series of subsequent reports in 2019 that will shed light on what the survey's results mean for American culture and society.

■ **A series of reports addressed key issues afflicting political parties today: factionalism and populism.** **Jay Cost** published a series of reports exploring the problems of factionalism and offering a deeper understanding of populism. The reports include "Who Are the Best Keepers of the People's Liberties? Political Parties and the Problem of Minority Factionalism" (October 2018), "The Inconveniences of Democracy: The Constitution and the Problem of Majority Factionalism" (July 2018), and "The Humble Members of Society: Understanding Populism in the United States" (June 2018).



# Rethinking 21st-Century Education



***All workers and employers would gain from a new skills marketplace, with better information, the widest possible range of providers, and students empowered to make their own choices. As people's skills become outdated through technological advances, such a marketplace would provide a better environment for lifelong learning by helping retrain Americans in a new field of their choice.***

—Ryan Streeter, Director, Domestic Policy Studies

Through empirical, data-driven research, **AEI scholars are rethinking our nation's education system—from early childhood care to K-12 and postsecondary education to career and technical education programs—to not only meet the needs of students today but also prepare them for America's evolving workforce and the jobs of tomorrow.** Over the past year, their scholarship detailed the impact of proposed higher education reforms, demonstrated how federal programs can advance state-level innovation and leadership in early childhood, and discussed what we can learn from policy reforms in education over the past two decades—centered, in particular, on testing, accountability, teacher quality, and standards—and how those lessons can be applied to today's policy efforts. In addition, AEI launched a new body of research on how our education and job-training system can be more responsive, innovative, and efficient and empower learners with rich information, necessary flexibility, and sufficient means to find the education that best meets their needs.

## Spotlight

# Promoting a New Skills Marketplace

For decades, our education system has focused narrowly on increasing test scores and providing all children an opportunity to go to college. College is an excellent path for many Americans searching for upward mobility, but for others, it is not the best option. Unfortunately, for those who do not complete college, job prospects in today's economy are worsening, and technical training and vocational education are largely ineffective or nonexistent, failing to adapt to the new realities in today's economy.

The lack of educational opportunities has serious consequences for our society and economy. Millions of Americans are undertrained for the workforce and ill-prepared to earn their success. Meanwhile, millions of blue-collar, skilled jobs that pay well remain unfilled.

AEI scholars are promoting a new skills marketplace that better serves students and workers alike and moves US education away from outdated, conventional views of vocational training.

### ■ New case studies debunked the myth that American education is “one size fits all.”

AEI commissioned a series of case studies, “What Works: Building Skills Across America,” that highlight a diverse array of education options available to students and workers today. Specific programs studied include America's work colleges, where students pay reduced or no tuition in exchange for participation in a comprehensive work program; the Jane Addams Resource Corporation in Chicago, a community-based nonprofit organization that provides training, credentialing, and job-placement services; and three innovative programs in Detroit, a public charter school, a four-year art and design school, and a manufacturing plant, that are housed under the same roof.

■ Gov. Doug Ducey (R-AZ) headlined an AEI event in partnership with Arizona State University addressing the skills gap in America. On February 28, AEI partnered with Arizona State University for an event in Tempe, Arizona, focused on addressing the gap between the skills employers are looking for and the skills prospective employees have. [John Bailey](#), [Ryan Streeter](#), and Andy Smarick (R Street

Institute) joined Arizona State University President Michael Crow, as well as practitioners and scholars from across the country, to explore opportunities to empower workers with new skills to help them and their employers thrive in the 21st century. Gov. Doug Ducey (R-AZ) gave a keynote address, during which he stressed the importance of tackling this issue to help provide greater opportunity and economic mobility to all members of our society.

■ New AEI work examined the value of higher education and how post-high-school degree programs can better equip students to find success in the job market. Before departing AEI to serve as the head of the Department of Education's Institute of Education Sciences, AEI Visiting Scholar [Mark Schneider](#) and his coauthor Matthew Sigelman (Burning Glass Technologies) released two reports examining the value of post-high-school degrees. One discussed how we can prepare students with A.A. degrees with the skills they need to thrive in the labor market, and the second explored the prevailing wisdom about the falling value of a liberal arts degree in the labor market.



■ **Secretary of Education Betsy DeVos keynoted an AEI event on education reform.** In January, **Frederick Hess** and **Michael McShane** hosted an event to discuss their new volume, *Bush-Obama School Reform: Lessons Learned* (Harvard Education Press, September 2018). Authors of the volume discussed the major policy instruments that have driven recent education reform, including charter schooling, teacher quality, and incentives and inducements, and what we have learned about Washington's role in reform. Secretary of Education Betsy DeVos closed the event with a keynote address and a conversation with Hess on where education reform is headed next.

■ **New research addressed the unique challenges and opportunities facing the oft-overlooked rural communities throughout America.** **Michael McShane** and Andy Smarick (R Street Institute) released a new volume, *No Longer Forgotten: The Triumphs and Struggles of Rural Education in America* (Rowman & Littlefield, November 2018). The volume features new research and expert analysis on the unique education challenges that rural individuals, families, and communities face—including the impact of the opioid epidemic, deindustrialization, and a lack of infrastructure—and why many school reforms that have proved successful in urban areas might not translate so easily to rural contexts.

■ **AEI scholars leveraged traditional and digital media to widely share analysis of the Supreme Court's "opt-in" ruling.** Following the Supreme Court's July 2018 ruling in *Janus v. American Federation of State, County, and Municipal Employees*, **Nat Malkus** was on the front lines with analysis and commentary on what the ruling means for the future of teachers unions. He published op-eds, was quoted in a piece appearing on NPR, and was interviewed by **Frederick Hess** for an article in *Education Next*. He also discussed the decision during an episode of AEI's podcast *Banter* and recorded two separate videos for AEI's YouTube channel, including an interview with Gov. Bruce Rauner (R-IL), who was one of the people to initiate the case against the American Federation of State, County, and Municipal Employees. The interview was filmed on the same day that the US Supreme Court announced the decision, and it garnered nearly 40,000 views. Gov. Rauner also joined Malkus for the first episode of *The Report Card with Nat Malkus*.

■ **The White House looked to AEI for policy recommendations regarding student loan defaults.** In August, **Jason Delisle** released a new report providing the first-ever comprehensive review of federal policies surrounding student loan defaults. It analyzed post-default pathways using a newly constructed federal data set of student borrowers. That same month, Delisle and former AEI

Education Program Manager Grant Addison participated in meetings at the White House, hosted by Jared Kushner and the Office of American Innovation, on student loans and accountability in higher education and campus free speech and civic education, respectively. Each convening gathered academics, leading intellectuals, and administration officials to brainstorm possible actions that the Trump administration can take to address these issues.

■ **AEI scholars led efforts to protect and promote free speech on college campuses.** **Frederick Hess'** video with Grant Addison "Free Speech on Campus: Can It Be Saved?" has been viewed more than 48,000 times on AEI's YouTube channel and continues to spark interest from policymakers and higher education professionals. The video distills Hess' novel policy proposal to protect free speech and open inquiry by tying federal research funding for higher education to institutions' policies on expression and academic freedom. The proposal appeared in *National Affairs* in March 2018, and Hess has published related op-eds in the *Wall Street Journal* and RealClearPolicy, among other outlets.

■ **AEI premiered a dynamic new debate series that engaged audience members through real-time polling.** In February, **Nat Malkus** hosted an interactive debate at AEI between economists Bryan Caplan and Eric Hanushek over whether the education system is worth the time and money invested into it. The event—which nearly 100 people attended in person and nearly 5,000 people livestreamed online—premiered a new debate format involving real-time polling of audience members.

■ **AEI's early childhood program targeted federal childcare funding and offered innovative solutions to amplify the impact of current spending.** In June, **Katharine Stevens** released a new report, "A Federal Performance Partnership for Early Childcare," arguing that fragmentation among federal funding streams hinders state efforts to provide low-income working families with adequate access to high-quality care. She attests that a federal performance partnership offers an innovative approach to this problem by granting greater flexibility in the use of funds awarded across various funding streams. In the lead-up to the report's release, Stevens met with state leaders to share her research. In January, she served as an expert informant for a Government Accountability Office study on local, state, and federal funding for early childcare and education, and she was also asked to testify before the Washington State Legislature's Early Learning and Human Services Committee. She has since been nominated to serve as one of 15 presidentially appointed members of the Education Department's National Board for Education Sciences.



Frederick Hess



Betsy DeVos, US secretary of education



Former Gov. Jeb Bush (R-FL)



Jason Delisle



Nat Malkus



New Orleans Mayor Mitch Landrieu



Jim Hake, Spirit of America



Katharine Stevens





# Countering Transnational Threats



*America's geopolitical situation is unique in that we are confronted by the rise of revisionist powers in each of the three regions traditionally seen as crucial to our own peace and prosperity and to the larger goal of global stability: Russia in Europe, China in East Asia, and Iran in the Middle East. . . . To take the revisionist challenge seriously requires the American body politic to relearn the value of American leadership in defending the liberal order it largely created after World War II."*

—Gary J. Schmitt, Resident Scholar; Director, Program on American Citizenship

Borders no longer offer the protection they once did—an urgent and troubling reality. Assaults on American sovereignty have evolved, to include new challenges such as cyberwarfare, cyberespionage, foreign investment in US companies, international organized crime, and social media manipulation. AEI's work on these issues spans countries, regions, and groups that include al Qaeda, China, Iran, Latin America, North Korea, and Russia. **AEI is working to make such transnational threats transparent, bring attention to them, and ultimately develop countervailing strategies.**

# Spotlight

## Understanding the Rise of the Revisionists

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The world has slowly begun to fragment into spheres dominated by regional powers, with Russia, China, and Iran at the center of new imperialist areas of political control. What are the implications for the United States? Will we manage our own sphere of influence and slip into an era of “offshore balancing” in which national warlords manage their own hemispheric sectors? Or does this change threaten the way of life and the economic system we have come to know over the past half century? Understanding the new imperialism will be the sine qua non of building a new and effective national security policy.

**Gary Schmitt’s** new edited volume, *Rise of the Revisionists: Russia, China, and Iran* (AEI Press, April 2018), examines how these states challenge the US-led global order. In the volume’s four chapters, the authors (**Dan Blumenthal**, **Frederick Kagan**, Hudson Institute’s Walter Russell Mead, and Foundation for Defense of Democracies’ Reuel Marc Gerecht) examine the strategic objectives of the three states and, in turn, America’s potential response.

To commemorate the book’s release, the authors released a series of “In 60 Seconds” videos on the revisionist countries, as well as a longer “Viewpoint” video. Diplomat Eric Edelman described the country studies as “clear and utterly persuasive” and commented that Schmitt’s and Mead’s contributions provided “invaluable context” for understanding the revisionist powers.

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■ **Members of Congress and the administration relied heavily on Derek Scissors’ work on the Committee on Foreign Investment in the United States (CFIUS) reform.** **Derek Scissors** was influential in steering the debate on CFIUS reform, having worked closely with members of Congress on various versions of the bill. Throughout the spring and summer, members of Congress relied heavily on Scissors’ research and testimonies to respond to the administration’s actions on foreign investment in the United States. His February AEIdeas piece on the negative ramifications of the possible acquisition of Qualcomm by Singapore’s Broadcom was used by senators to engage with the Treasury Department, and the CFIUS committee put the potential acquisition on hold. Scissors testified three times on CFIUS reform between January and July before every House Committee with jurisdiction, privately briefed five members of Congress and the Norwegian finance and trade ministers, and fielded 24 meetings or requests for analysis on CFIUS reform from government officials.

■ **AEI hosted then-CIA Director Mike Pompeo at AEI for a rare public appearance.** In January, **Marc Thiessen** welcomed then-CIA Director Mike Pompeo to AEI to reflect on his first year at the CIA. During this highly publicized and unusual public appearance for the director, Pompeo gave insight into the daily briefing process with President Trump and discussed how the CIA views critical security issues, such as denuclearization of the Korean Peninsula. He also discussed the agency’s focus on Iran, Venezuela, and Africa. The invite-only event filled the AEI auditorium to capacity, complete with seven media crews from major networks. The video of the event has been viewed nearly 15,000 times. The event was referenced in more than 20 major news outlets, including the *New York Times*, *Washington Post*, and CNN.



■ **AEI houses the only fully public accounting of China's investment and construction activity around the world.** In January and July, **Derek Scissors** released updates to the China Global Investment Tracker. Scissors' latest findings, which were emailed to more than 1,300 Capitol Hill staffers, concluded that as economic tension between China and the United States continues to worsen, medium-term prospects for Chinese spending are bleak. Scissors shared his findings in testimony for the House Committee on Foreign Affairs, Subcommittee on Terrorism, Nonproliferation, and Trade. He also produced an "In 60 Seconds" video for AEI on alternatives to tariffs to push back on China's infringement of intellectual property. Visit [aei.org/china-tracker](http://aei.org/china-tracker) to learn more.

■ **Congress, the White House, and the Pentagon called on Dan Blumenthal for insights on how the United States can compete strategically with China.** In testimony before the House Permanent Select Committee on Intelligence, **Dan Blumenthal** explained what a true competitive strategy with China entails. He also completed a memorandum targeted to relevant policymakers in the US government that inventories existing scholarship on US competitive strategies with China (militarily, economically, and politically) and current US approaches, as well as recommendations for a path forward. The memo concludes that despite China's economic growth, military modernization, and centralization of power under the Chinese Communist Party, there are serious weaknesses in China's system that the United States can exploit to its competitive advantage. Blumenthal briefed a number of senior White House and Pentagon officials on the memo's findings.

■ **The US-China Economic and Security Review Commission invited Jeane Kirkpatrick Visiting Scholar and recent Meritorious Service Medal recipient Oriana Skylar Mastro to testify on China's policy toward contingencies in North Korea.** **Oriana Skylar Mastro** wrote prolifically about the China-North Korea relationship and China's strategic interests surrounding President Xi Jinping's meetings in 2018 with Kim Jong Un. Her pieces in the popular press covered why President Xi wants to broker the Trump-Kim deal and what China gained from hosting Kim Jong Un. Her testimony before the US-China Economic and Security Review Commission reviewed how many forces China could devote to a North Korean contingency, where they would come from, and what they would be capable of doing.

■ **US policymakers praised Leon Aron's book on Putin's interventionist foreign policy as "required reading."** Just days before the Russian presidential elections on March 18, **Leon Aron** released an edited volume titled *To Have and to Hold: Putin's Quest for Control in the Former Soviet Empire* (AEI, March 2018), which details the military, political, economic, and social vulnerabilities of six of Russia's neighboring countries. Former US Under Secretary of State Paula J. Dobriansky commended the monograph for its methodology and labeled the book a "must read for policymakers." To mark the publication, Aron was joined by Rep. Seth Moulton (D-MA) for a conversation about the book, followed by a panel discussion with four of the volume's authors, who included a wide range of experts from American universities and think tanks, as well as in-country analysts and experts. Rep. Moulton praised the work and called it "required reading." To read the essays from the volume, visit [aei.org/putins-quest](http://aei.org/putins-quest).

■ **In a new blog series, Kenneth Pollack proposed specific policy recommendations to limit Iran's influence.** **Kenneth Pollack** published a six-part blog series, "Pushback: Countering Iran in an Evolving Middle East." In the series, Pollack explains why the United States needs a comprehensive strategy to stand up to Iran and proposes specific policy prescriptions to limit Iran's influence in the region. To read the full series, visit [aei.org/countering-iran](http://aei.org/countering-iran).

■ **Nicholas Eberstadt's essay explaining North Korea's triumph of statecraft was praised as the "most valuable piece of journalism in 2018."** In a major piece in *National Review* in June, **Nicholas Eberstadt** explained how Kim Jong Un "won" in the Singapore summit. He explains that North Korea has determined both the tempo of events and the details of international diplomacy, right down to the conference agendas: what parties would meet, when and where the meetings would take place, and even what would be discussed. Like it or not, according to Eberstadt, this is a triumph of statecraft. A prominent political commentator and journalist called it the most valuable piece of journalism in 2018.



Derek Scissors



Mike Pompeo, US secretary of state



Danielle Pletka



Rep. Seth Moulton (D-MA) and Leon Aron



Mohammed bin Abdulrahman Al Thani,  
Qatari deputy prime minister and foreign minister



Rep. Michael McCaul (R-TX)



Marc Thiessen



Dan Blumenthal





Frederick Kagan



Amb. Carlos Trujillo, US permanent representative to the Organization of American States, and Roger Noriega



Nicholas Eberstadt



Sen. Edward J. Markey (D-MA), Shane Tews, and Rep. Ted Lieu (D-CA)



Marshall Billingslea, US assistant secretary for terrorist financing



Kenneth Pollack



Emily Estelle



Clay Fuller

**■ Officials and practitioners in the military, government, and intelligence services relied on Katherine Zimmerman’s scholarship on the Salafi-jihadi movement. Katherine Zimmerman**

met numerous times with senior military leaders, administration officials, intelligence services leaders, and staff and members on Capitol Hill, briefing them on her research on the Salafi-jihadi groups in Africa, the Middle East, and South Asia. She also briefed a deploying military unit at the invitation of the Joint Special Operations Command and learned that her July 2017 report, *America’s Real Enemy: The Salafi-jihadi Movement*, is required reading for one Command member’s team. Her May 2018 *Foreign Affairs* piece argued that the United States has not won the war on terror because it has been focused on groups—in the most recent case, on the Islamic State—and not the broader Salafi-jihadi movement.

**■ The nation’s top news programs relied on Danielle Pletka for her analysis and commentary on major challenges from rogue regimes. Danielle Pletka**

is a prolific voice on top-rated television news programs and radio shows. Over the past year, she appeared on MSNBC’s *Meet the Press Daily*, NBC’s *Meet the Press*, the BBC’s *Beyond 100 Days*, C-SPAN’s *Washington Journal*, the Australian Broadcasting Corporation’s *Planet America*, the Australian Broadcasting Corporation’s *Between the Lines*, National Public Radio’s *Weekend Edition Sunday*, and iHeart Radio on issues such as President Trump’s summit with President Putin, the meaning and purpose of NATO, the trade war, the Iran deal, US foreign policy, denuclearization of the Korean peninsula, the US–North Korean summit, and the Assad regime.

**■ Military, congressional, and intelligence community leaders relied on Michael Rubin’s expertise on rogue regimes.** In June, **Michael Rubin** briefed various high-level administration officials and staff members on the Senate Foreign Relations Committee, the House Foreign Affairs Committee, the Senate Armed Services Committee, and the House Oversight and Government Affairs Committee, discussing, in particular, American security in a post-Joint Comprehensive Plan of Action (known as the Iran deal) order. He also taught a course on Middle East politics aboard the USS *Essex* to a Marine expeditionary unit.

**■ Sadanand Dhume warned of instability in Pakistan following its flawed election. Sadanand Dhume**

produced a body of work surrounding the July election of Imran Khan as Pakistan’s prime minister. His *Wall Street Journal* op-ed explained that the flawed election and a divided populace threaten Pakistan’s stability. His corresponding “In 60 Seconds” video (with more than 7,000 views), produced just before the election, argued that Khan’s ascent to power backed by the army would weaken Pakistan’s nascent democracy. Dhume also interviewed Husain Haqqani, the former Pakistani ambassador to the United States and the Hudson Institute’s director for South and Central Asia, for an episode of AEI’s “Viewpoint” video series to discuss Haqqani’s vision for Pakistan.

**■ Attracting overseas attention, a new report from Kenneth Pollack explained the steps the United States can take to work with the Iraqi government. Kenneth Pollack**

In a July AEI report, **Kenneth Pollack** detailed the most troublesome elements in the Iraqi political sphere—including election fraud this past May and economic woes—and provided valuable analysis on the kinds of initiatives the Iraqi and US governments can implement to improve the lives of Iraqi citizens and restore their faith in government. Pollack’s work attracted attention overseas and was subsequently translated in Arabic and Kurdish.

**■ Clay Fuller briefed senior administration officials and members of Congress on how to dismantle the authoritarian-corruption nexus embodied by states such as Russia and China. Clay Fuller**

testified on the topic of illicit finance before the Senate Judiciary Committee and discussed his work with the House Financial Services Committee in private meetings with policymakers. In early 2019, Fuller plans to release a major report, “Dismantling the Authoritarian-Corruption Nexus,” which argues that the United States lacks a strategy for dealing with interstate political competition and must do more to disentangle itself from the politics and economies of powerful authoritarian states such as Russia and China.





# Revitalizing the Foundations of American Defense



*As policymakers begin to rebuild the military, they should keep two overarching strategic truths in mind. **First, global powers do not pivot.** The US military cannot flit from crisis to crisis given its enduring security interests in three theaters: Europe, East Asia, and the Middle East. **Second, the military cannot always choose its fights.** The Pentagon cannot choose between preparing for the future or the present, as historical attempts to do so have left the nation unprepared for both”*

—Mackenzie Eaglen, Resident Fellow

**AEI scholars continue to shape the defense policy debate and educate policymakers and the American public on the necessary size, posture, and lethality of our nation’s military; its state of readiness; the budgets and investments necessary to rebuild it; and the international security environment in which it operates.** As the chairman of the House Armed Services Committee has said on more than one occasion, it is the work of AEI scholars that has built the constituency to revitalize the foundations of American defense. Taken in the context of the rising threat of and complicated relationships with Russia, North Korea, China, and Iran, and the prospect of conflict in one of these theaters, AEI’s scholars are front and center making the case for why our military must have the funds, skills, and tools to not just fight and win but, more importantly, deter.

## Spotlight

# Framing the Forthcoming Budgetary Battles

Major policy decisions made in the first quarter of 2018 are shaping America's military for the foreseeable future, particularly the Pentagon's National Defense Strategy, the first Nuclear Posture Review in eight years through the defense-industrial base review, and the budget deal for fiscal year (FY) '18 and FY19 secured by Congress that boosted defense by (recent) historic levels.

As the unprecedented budget deal demonstrated, there is a sense of unity between Republicans and Democrats, among fiscal and defense hawks alike, and in Congress and the White House about the need to repair the American armed forces. The level of military spending that President Trump authorized went tens of billions of dollars above the increase he proposed in summer 2017. It was the level recommended by AEI's defense scholars, who, over many years, have provided the analytic and strategic justification for such a budgetary figure and a detailed breakdown on how to spend additional funds.

This past year, **Mackenzie Eaglen**, in particular, was one of the most prolific and influential authorities in the policy debate on the National Defense Strategy and the Pentagon budget. Her work was consistently featured in leading defense studies outlets, and she regularly briefed policymakers, military leaders, and the business community on her research and reform recommendations, serving as an authoritative source for timely information on the developing legislation that undergirds American national defense.

In 2017, Eaglen was asked to join the staff of the National Defense Strategy Commission, a bipartisan commission of scholars and experts appointed by Congress to review and critique the Pentagon's new defense strategy. Eaglen has since prepared more than 100 graphics on the past, present, and future of the defense budget for potential inclusion in the commission's final report.

### ■ AEI defense and security studies scholars monitored and drove change in a decisive budgetary season. **Mackenzie Eaglen**

analyzed the strengths and shortcomings of the FY19 budget, commenting on the immediate and long-term changes proposed to the US military. Capitol Hill staff from key committees reached out

praising the work and explaining how much they valued its conclusions. Eaglen found that the president's budget request for FY19 failed in its central objective of adequately rebuilding the armed forces rather than merely repairing them. The budget request signaled a tension between Secretary Mattis' plans and those of Congress about the proper direction (and permanence) of the forthcoming defense buildup.

### ■ Strategic thinking from AEI scholars in two seminal reports on the military America needs made a tangible impact on legislation under consideration in the House and Senate.

**Mackenzie Eaglen** released a major report in March, *Repair and Rebuild: Balancing New Military Spending for a Three-Theater Strategy*. The report answers a simple question: What plans and priorities should new defense spending increases be geared toward if Congress endorses a three-theater force? This report builds off the 2015 AEI coauthored report *To Rebuild America's Military* (**Giselle Donnelly, Mackenzie Eaglen, William Inglee, Phillip Lohaus, Gary Schmitt, Jim Talent**, and **Roger Zakheim**) by developing the programmatic depth and detail to the principles



and objectives identified in that publication. Congressional staff from key Hill committees and members of Congress read AEI scholars' work on this issue; legislation under consideration in Congress showed indelible marks of AEI's strategic thinking.

**■ AEI hosted service chiefs and defense administration officials for substantive conversation on the future of each military branch.**

Throughout the year, AEI hosted senior Pentagon

leaders—including the secretaries of each military department, the Department of Defense's comptroller, and the deputy secretary of defense—in a variety of public and private roundtable events to stimulate these decision makers to move beyond rote talking points and into substantive conversation. AEI challenged the leadership of each department to conceptualize the future of their service while offering a forum to discuss the interplay between the National Defense Strategy and the budget request.

**■ AEI hosted war game exercises with more than two dozen former military and defense officials.**

In April, **Giselle Donnelly** and **Gary Schmitt**, along with Vice Admiral John W. Miller (ret.), released *Rough Seas: An AEI Study in Crisis Response for Tomorrow's Navy and an Improved Navy for the Future*. The report, which evaluates naval requirements for meeting possible crises, is the result of four tabletop exercises conducted in the winter of 2017 with more than two dozen former Navy, Department of Defense, and national security officials. The report identifies the Navy's major issues, including the lack of global presence and capabilities to deal decisively with Russia and China. It also identifies strategic short-term investments and recommendations for rebuilding the Navy so it can face future threats to our nation. Donnelly and Miller presented the work at a Hill briefing over the summer and were joined by Rep. Rob Wittman (R-VA), chair of the House Seapower and Projection Forces Subcommittee.

**■ AEI scholars partnered with the former chief of the Air Force on a major project to study the Air Force's capacity to meet global future demands.**

**Giselle Donnelly**, **Phillip Lohaus**, and **Gary Schmitt**, with the support of the 18th Chief of Staff of the Air Force General T. Michael "Buzz" Moseley, conducted a series of tabletop exercises to model how the United States could respond to both steady state demands and crisis scenarios using the projected force structure of the US Air Force across the three major theaters: the Asia-Pacific, the Middle East, and Europe. The exercises tested the Air Force's ability to overcome force structure and manpower challenges, particularly relating to space operations, global command and control, and logistics. The results of the highly successful war games were distilled in a report at the end of the year and will be presented to the House and Senate Armed Services Committees in January.

**■ AEI scholars worked with military leaders at US Army Europe on how to deter Russia and prepare**

**for future conflict. **Giselle Donnelly**, **Mackenzie Eaglen**, and **Gary Schmitt****

undertook a detailed assessment of what the United States and NATO must do to deter Russia and prepare for future conflict. Reviewing current efforts, including the European Reassurance Initiative, they identified what more needs to be done and how the United States should reposition its forces. As the security of Europe is dependent on ground forces, AEI scholars repeatedly met with US Army Europe to receive the Army's perspective.

**■ In advance of the 2018 NATO Summit, Gary Schmitt published a major report on the ways in which NATO has enabled the larger liberal order in Europe to emerge.**

In June, **Gary Schmitt** published "NATO's Unsung Virtues," which detailed NATO's often-overlooked contribution to the growth of the liberal world order. Schmitt attested that, given the multilateral character of the alliance and the sometimes uneven US leadership, NATO has actually proved relatively adept at meeting changes in the security environment. He also argued that US global leadership has been minimally constrained by alliance partners because American power has been seen as indispensable to European peace and stability.

**■ Top administration official praised a new AEI report detailing a US strategy for Southeast Asia.**

In August, AEI celebrated the publication of **Michael Mazza's** report, *An American Strategy for Southeast Asia*. Mazza argued that Southeast Asia is no mere strategic sideshow but should instead be a crucial part of the United States' Indo-Pacific strategy. Mazza presented the work at a public event at AEI, which packed the auditorium and featured seven media crews. Keynote speaker Assistant Secretary of Defense for Asian and Pacific Security Affairs Randall Schriver praised the report's policy recommendations and attention to US historical engagement in the region. Following the event, Mazza held a briefing on Capitol Hill.



James Mattis, US secretary of defense



Mackenzie Eaglen



Gary Schmitt



Sen. Lindsey Graham (R-SC)



Heather Wilson, US secretary of the Air Force



Michael Mazza



Randall Schriver, assistant secretary of defense for Asian and Pacific security affairs



Mark Esper, US secretary of the Army





# Identifying and Developing Leaders



***My own life is the result of our Constitution**, which allowed the son of enslaved Americans to seize the opportunity for personal, economic, and political freedom. The American Enterprise Institute promotes the timeless values that break chains and create opportunities. No one is better poised to engage with all segments of society than AEI. I am honored to make it my go-to organization for expert policy reference and leadership. . . . As AEI's 500th Leadership Network member, I am pleased to be associated with an exceptional team equipped to meet America's greatest policy challenges."*

—Leonardo Smith, 2018 Leadership Network Summit Participant

**A core component of AEI's mission has always been to lead leaders.** Since AEI's founding, our empirical work on our nation's greatest policy challenges has served to educate policymakers, business executives, scholars, and journalists. Over the past decade, AEI has made a concerted effort to expand its outreach to leaders beyond Washington, DC, reaching college students and professionals across the country.

AEI offers a continuum of programs designed to educate and build meaningful relationships with young leaders who will someday represent their generation as policymakers, thought leaders, and influencers of all kind, as well as with current professionals across a variety of sectors. Through their experience in AEI's programs, these leaders are not just exposed to AEI scholars' ideas. They engage with these ideas and implement them—often gaining a greater appreciation for the ideas while practicing respectful discourse and intellectual rigor. They become force multipliers for our work and for the principle that a competition of ideas is essential to learning.

# Spotlight

## Young People at AEI

### Internship Program

AEI's Internship Program attracts some of the nation's finest young minds and is remarkably competitive. Each year, AEI has more than 5,000 individual applicants (among undergraduates, recent college graduates, and graduate students) for about 180 unpaid internships. That equals an average acceptance rate of 3.6 percent, which is more competitive than admissions into Ivy League schools.

Interns hail from some of the nation's most competitive colleges and universities. In the 2017–18 academic year, representatives from AEI's Talent Development team made 30 recruiting visits to DC-area schools and 43 trips to top-tier schools outside the DC region. AEI also hosted student groups from 20 colleges and universities.

The highly selective program provides terrific learning experiences and valuable support to AEI's research, outreach, and business functions. Interns' primary responsibilities are highly substantive, with minimal administrative work.

Interns also enjoy special programming that includes policy lectures, career advice, and professional development workshops. Beginning in summer 2019, the program will offer need-based scholarships to interns.

To learn more, visit [aei.org/internships](https://aei.org/internships).

### AEI's Talent Development team has official recruiting partnerships with:

- Columbia University Employer Partnership Program
- Harvard University Impact Fellows
- Princeton HireTigers Career Advocate Program
- University of Chicago Kimpton Fellows Program
- University of Virginia Batten School

"Rather than working for a grade, you're working to develop research that could inform policy changes. Rather than studying alone or with a few classmates, you get to converse with the world's leading policy experts. Rather than learning what has already been discovered, you get to be on the cutting edge of new research. This is why working at **AEI provides a level of professional development that a university never could.**"

—RJ Martin, Auburn University '17



*Katherine Zimmerman was an outstanding AEI research assistant and developed into a highly respected AEI research fellow at just 30 years old. She testifies before Congress, writes for top national outlets, appears on national news programs, and corresponds with military leadership.*

### Research Assistants

Over the past four years, nearly 50 former interns have become full-time employees at AEI, dedicating their careers to the pursuit of human liberty and flourishing. AEI research assistants bring a wealth of talent to their jobs—from econometric modeling to fluency in Farsi. (Sixteen different languages are spoken fluently at AEI.)

AEI is a launchpad for high-level careers in a variety of sectors. Recent research assistant departures include four staff members of the Council of Economic Advisers, the White House editor-in-chief for digital properties, analysts in the Defense Intelligence Agency, the top speechwriter to Majority Leader Mitch McConnell (R-KY), and Ph.D. candidates at Harvard, Stanford, and Yale.



# Spotlight

## AEI Academic Programs



2018 AEI Summer Honors Program

AEI's Academic Programs cultivates young leaders to stand with us at the vanguard of the free enterprise movement, fighting to defend human dignity, expand human potential, and build a freer and safer world. The program targets not just the true believers but also intellectually curious and persuadable students who have not been exposed to free enterprise ideas or to AEI's mission and ethos.

The program's student Executive Councils are comprised of up to six handpicked students per campus, currently totaling 376 members on 106 campuses across the United States. During the 2017–18 academic year, these students organized over 300 events reaching more than 20,000 students. Many of those event attendees make up AEI's broader student network, which currently totals more than 7,300 students and provides access to curated AEI scholarship, job opportunities, and more.

**In 2018, more than 90 students from 42 schools attended AEI's Western Regional Policy Summit, held at the University of Texas at Austin.**

"AEI once again exceeded my expectations with this event. Specifically, the career panel **provided me with key leadership insights that will prove invaluable as I work with my Executive Council to bring about a meaningful political dialogue on campus.**"

**"I am going back to my campus with the drive to change the culture of politics to one that revolves around the open-minded, research-driven approach of AEI."**

—Anonymous Student Exit Surveys



Danielle Pletka and Vikram Singh speaking to AEI Summer Honors Program students

Every year, AEI holds three major student summits both in DC and on partner campuses, featuring AEI scholars and other leading thinkers. These events attract student Executive Council leaders to explore ideas and share strategies for how to spread the free enterprise message to their peers on their campuses. AEI also hosts intensive seminars at our headquarters in Washington, DC, such as Weekend Honors Programs and the Summer Honors Program, which offer immersive experiences on major policy issues taught by AEI scholars.

### AEI Summer Honors Program

AEI's Summer Honors Program brings top students from college campuses across the country each June to AEI's headquarters. The 2018 cohort of **229 students was selected from our largest-ever application pool of nearly 1,150**. The program consisted of weeklong, in-depth seminars, such as "Staying Calm in Unsafe Spaces" with **Charles Murray** and "The Constitution: Original Meanings and Modern Times" with **John Yoo**. Other speakers included **Arthur Brooks**, **Robert Doar**, and **Nicholas Eberstadt**, as well as Mary Kissel (*Wall Street Journal*), Bill Kristol (the *Weekly Standard*), Yuval Levin (Ethics & Public Policy Center), and Walter Russell Mead (Hudson Institute). Students also participated in site visits around Washington, DC.

This year, for the first time, 10 exceptional students were selected for the Summer Honors Academy (SHA), an intensive, monthlong experience that allowed the students to take multiple policy courses. SHA students all participated in a foundational course with **Gary Schmitt** titled "Pericles' Athens: Politics,

### AEI Summer Honors Program

#### 2018 Cohort Profile

**3.78 average GPA**

**37%** self-identified as **moderate or liberal**

**28%** self-identified as **leaning conservative**

**24%** self-identified as **strongly conservative**

#### 2018 Exit Survey Results

**58% said their views** on at least one public policy issue **changed because of their time at AEI**.

**95% feel more prepared to make an impact** on the public policy debate in this country.

**63% rated the program a 10 out of 10 and 90% an 8 or higher** in achieving its mission of instilling participants with a passion for intellectual rigor and the competition of ideas.

#### Recent Summer Honors Program Alumni

**2 Forbes 30 Under 30 selectees**

**2 Truman scholars**

**2 Rhodes scholars**

**4 Fulbright scholars**

**1 Schwarzman scholar**

Philosophy, and Society of the First Great Democracy." They also had private lunches with high-profile speakers, conducted a war game designed by AEI's foreign policy scholars, and ran a policy simulation with **Robert Doar**.

To learn more, visit [aei.org/academic/programs](http://aei.org/academic/programs).





Winners of AEI's elevator pitch competition



Training on effective messaging



Spring 2018 cohort



Ian Rowe and Spencer Moore in Chicago



Tim Carney presenting in Chicago



Arthur Brooks on persuasive storytelling



Fall 2018 cohort



Karlyn Bowman and Rachel Ayerst Manfredi



# Spotlight

## AEI Leadership Network

Founded just four years ago, the AEI Leadership Network is an exclusive policy education and professional development program for state-based, mid-career executives in the public, private, and nonprofit sectors. Involvement in the Leadership Network begins with participation in an intensive three-day summit and continues with programming throughout the year.

Importantly, the AEI Leadership Network is not simply reaching out to “true believers” who are already convinced about the efficacy of free enterprise. Rather, we include leaders from diverse personal, professional, and ideological backgrounds who are interested in nonpartisan arguments for increasing opportunity and strengthening free enterprise and who have had nowhere to turn for this work. This is the most diverse project AEI has ever undertaken.

In 2018, the AEI Leadership Network hosted two national cohorts in Washington, DC, one in April and one in September. It also hosted its second regional summit in Chicago on October 17–19. The Chicago summit attracted 211 leaders from 29 states, and 50 percent of the attendees were women. A select group of attendees from the Chicago event were invited to join the national Leadership Network.

This year also marked several other notable firsts for this program: One Leadership Network member was elected to the US Congress, and another was appointed to serve as Missouri’s attorney general.

More than 650 leaders from 40 states across the country are now part of this group. AEI Leadership Network members hold diverse opinions on politics and policy but share a deeply held commitment and willingness to engage in the competition of ideas, and they are intrigued by arguments about how free enterprise can ensure human flourishing through earned success.

**“The combination of common interests yet diverse thoughts was unexpected.** I was surprised to find this existed anywhere, and was not thinking it would be at AEI.”

—2018 Chicago Regional Summit  
Survey Respondent

### AEI Leadership Network Post-Summit Survey Data, 2014–18

**98%** would recommend this program to their peers.

**97%** are more likely to get involved with and stay in touch with AEI in the future.

**93%** found the intellectual content of the summit to be **valuable to their work.**

**89%** would like to help AEI spread our mission principles in their community.

**88%** have a better understanding of the principles of freedom, opportunity, and free enterprise.

*These data are aggregated from the responses to exit surveys across the Leadership Network’s eight cohorts to date. The exit survey has an average response rate of 87 percent across all cohorts.*

To learn more, visit [aei.org/feature/leadership-network](https://aei.org/feature/leadership-network).





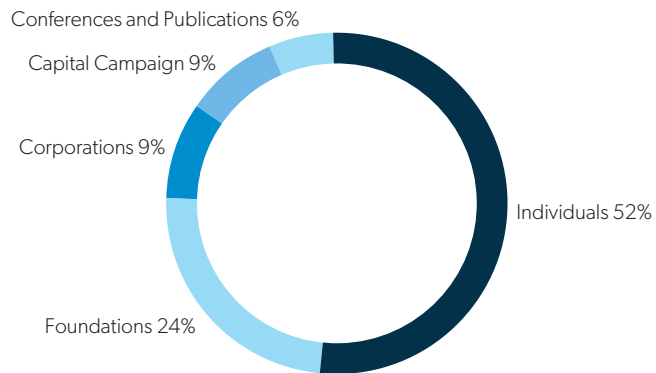
# Thank you for your support.

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*AEI is grateful to its investors for making our research and outreach initiatives to advance free enterprise, individual liberty, and American leadership around the world possible.*

# Resources That Support AEI's Work

**2018 AEI Operating Revenues**  
(\$59.1 Million)

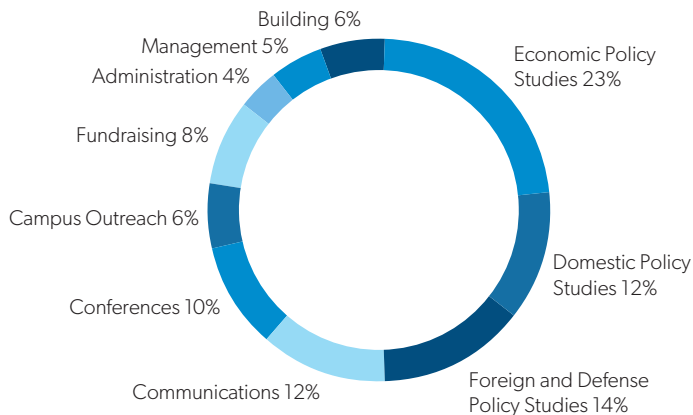


AEI's unaudited financial performance for the 2018 fiscal year ended June 30 is provided in accordance with GAAP accounting conventions.

AEI is entirely privately funded. It accepts no funds from any US or foreign government and does no contract research.

The Institute raised \$30.8 million in contributions from individuals, \$14.3 million from foundations, \$5.4 million from corporations, and \$5.3 million in capital campaign gifts. The sum of these fundraising activities, along with conference revenue and publication royalties of \$3.3 million, brought the Institute's annual operating revenues to \$59.1 million.

**2018 AEI Expenses**  
(\$53.1 Million)



Consistent with all previous AEI annual reports, investment activity, in fiscal year 2018 a gain of \$8.3 million, is excluded from the revenues.

Expenses for the year totaled \$53.1 million, with 77 percent for programs, 9 percent for management and administration, 8 percent for fundraising, and 6 percent for building operations.

Fiscal year activity is for the period July 1, 2017, through June 30, 2018.



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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, senior adviser (toby.stock@aei.org; 202.862.5834), if you are interested in learning more about the National Council.

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