My goal this year has been to continue to sharpen the Council’s focus on the links between economic and foreign policy issues. For the past several years, I, along with Les Gelb, have pushed the Council to move aggressively to bridge the gap between policy studies that emphasize economics and those that emphasize security and other foreign policy issues. It has been my conviction that the Council, with its unique blend of academic experts, policymakers, and corporate leaders, is the perfect place to build that bridge. We’ve made substantial progress this year.

The institutional site for the Council’s new focus will be the Geoeconomics Center, the creation of which has been a goal of mine for nearly a decade. After years of planning and preparation, the center will be formally launched in the fall. It has a stellar advisory board that includes, besides me as chairman, John Browne, Martin S. Feldstein, John R. Galvin, Carla A. Hills, Winston Lord, Donald B. Marron, William J. McDonough, Peter G. Peterson, David Rockefeller, Robert E. Rubin, Richard E. Salomon, Brent Scowcroft, Laura D’Andrea Tyson, and Ernesto Zedillo. Michael M. Weinstein, BP senior fellow for international economics, is its acting director.

The center will conduct policy-related research on issues that combine economics and some other foreign policy component, from national security to science and technology. Another goal of the center will be to train the next generation of foreign policy experts, who should then be able to tackle foreign policy problems that encompass an important economic dimension.

To help achieve both goals, we are working toward making the center a joint undertaking with Columbia University. Columbia could give the center a firm academic base. Fellows from the Council and faculty members from several fields at Columbia—including law, international affairs, economics, business, and political science—have been participating in a monthly seminar on globalization, to clarify how a joint center might develop insightful ways to dissect policy issues.

Several projects underway at the Council fit neatly under the umbrella of the center. Walter Russell Mead, senior fellow for U.S. foreign policy, directs a project on American foreign policy and the global middle class. He will examine the emergence of a middle class in several developing economies and study the implication of this new force for American foreign policy.

Senior Fellows Morton H. Halperin and Michael Weinstein have begun a study to flesh out links, in the aftermath of the Cold War, between democracy and development. Their project seeks to answer whether democracy hastens economic development in poor countries and whether economic development in poor nations helps to preserve democracy, inhibiting slides toward populist authoritarianism.

Michael Weinstein will also edit a volume on globalization, documenting how the world of international trade and foreign investment has changed over the last 50 years.
The essays will analyze how globalization affects living standards, poverty, and the autonomy of countries in setting their economic policies—including efforts to help the poor.

Roger M. Kubarych, Henry Kaufman adjunct senior fellow in international economics and finance, directs a project on the Americanization of finance. It will analyze the economic and political consequences of a transformation from financial systems dominated by commercial banks to a freewheeling system, organized around open capital markets. He will examine how this transformation threatens entrenched elites and identify policy implications.

Jagdish N. Bhagwati, André Meyer senior fellow in international economics, is writing a book that seeks to demonstrate that globalization’s harshest critics are wrong—that freeing trade is socially benign. He will recommend ways to address those problems that globalization truly exacerbates.

Benn Steil, our other André Meyer senior fellow in international economics, is directing a project that examines the use, and abuse, by government of complex financial instruments, known as derivatives, to manage public debt. Timothy F. Geithner, senior fellow in international economics, has directed a design group chaired by Robert E. Rubin, former Treasury secretary, and Kenneth M. Duberstein, former chief of staff to President Ronald Reagan, to evaluate the need for an independent task force on trade that would seek to match the interests and claims of proponents of trade expansion with the interests and claims of groups representing human rights, labor, and the environment. Timothy Geithner is also developing a proposal to reform development assistance, calling for targeting more money on needy countries with credible economic policies.

Stephen R. Sestanovich, the George F. Kennan senior fellow for Russian and Eurasian studies, will examine what went wrong in Russian-American relations over the past decade and the interaction of Russia’s diplomatic and security goals with its economic agenda. Senior Fellow Henry Siegman directs a project that will produce economic and trade options for countries in the Middle East and North Africa. Senior Fellow Caroline Atkinson, who focuses on international economics, will examine the impact on markets of financial consolidation and of a pullback by hedge funds from taking large bets on macroeconomic developments. Ronald D. Asmus, senior fellow for Europe studies, directs a project that, in part, addresses the impact of economics on the debate over NATO enlargement and the search for a new security order in Europe after the Cold War.

The creation of the Geoeconomics Center marks an exciting moment at the Council. It addresses a glaring gap that extends well beyond our confines into the sinews of the country’s policymaking apparatus. I can, then, report with pride that the Council has now taken its first ambitious steps toward closing that gap.

Maurice R. Greenberg
Vice Chairman of the Board