This 2009 Annual Report of the Council on Foreign Relations marks our second year as co-chairs of the Board of Directors. It was a period of staggering volatility in U.S. financial markets, profound global economic turbulence, and a host of daunting domestic and foreign policy issues for a new U.S. administration. This year, dominated by economics, was one in which the Council’s work was as important as at any time in its eighty-eight-year history.

The Council, like virtually every nonprofit institution, found itself challenged. But we are pleased to report that the year ended in the black. This is due first to the loyalty and support of members, who demonstrated their belief in the importance of the organization by contributing to the Annual Fund at an all-time record level and by providing additional gifts to support individual fellows, meetings, and other programs. We are deeply grateful to each and every one of them and to the nearly two hundred member companies of the Corporate Program. It is also due to the hard work of Council staff members, who reduced expenses across the board without compromising quality.

The investment portfolio, which on average covers just over 20 percent of operating costs, is not immune to the markets and fell 14.8 percent this fiscal year. The success story, though, is that it remained in the top quartile of institutions with comparable-sized endowments. This speaks to the excellence of the investment subcommittee, led by J. Tomilson Hill and Richard E. Salomon. The committee has always worked to maintain a prudent balance between seeking growth and preserving capital. That prudence helped to protect us during this difficult time.

The stability of the Council’s finances meant that CFR could continue to produce some of the best scholarship around on the global economy. With the Maurice R. Greenberg Center for Geoeconomic Studies (CGS), directed by Sebastian Mallaby, taking the lead, the Council set about explaining the crisis, analyzing its origins and its domestic and global implications, and exploring the full slate of options for policymakers. This was accomplished through innovative and rigorous economic and geopolitical research and analysis, meetings, publications, CFR.org, and the highly influential *Foreign Affairs*.

Each of the resident CGS fellows made a meaningful contribution. Edward Alden examined immigration, security, and competitiveness in his new book, *The Closing of the American Border*. Jagdish N. Bhagwati, in *Termites in the Trading System*, argued against bilateral (or preferential) trade agreements. Sebastian Mallaby wrote extensively on the crisis in the pages of the *Washington Post*. Brad W. Setser’s two reports on sovereign wealth led *The Economist* to write that “few have delved deeper into the murky world of China’s capital flows than Brad Setser of the Council on Foreign Relations.” His blog, “Follow the Money,” also emerged as the single most popular feature on CFR.org. Amity Shlaes’s book on the history of the Great Depression was named by the *Wall Street Journal* as one of the top five books on the financial crisis, while Benn Steil coauthored *Money, Markets, and Sovereignty*, wrote a report on lessons
from the crisis, and directed two of the Council’s most popular round-
tables on the issue.

The Council’s convening power was evident at the many meetings and
briefings on the crisis. Federal Reserve Board chairman Ben S. Bernanke
and U.S. Treasury secretary Timothy F. Geithner spoke at the Council
this year, along with Federal Reserve Bank presidents, a number of for-
eign ministers and secretaries for finance and the economy, and CEOs.
Roundtable series sponsored by McKinsey and Goldman Sachs brought
in many more world-class economists and thinkers.

Demand was high. Senior executive branch officials gathered with
Council fellows to discuss the rise of state wealth and implications of
the crisis, journalists attended a Council economic briefing in advance
of the presidential debate at Hofstra University, members convened for
half-day symposia exploring effects on U.S. power and lessons from the
Great Depression, and corporate members from across the world trav-
eled to New York for the annual Corporate Conference, which addressed
the crisis and critical issues for global business.

On campuses across the country, professors and students watched
webcasts of Council meetings and joined academic conference calls with
fellows, while college and university presidents gathered in New York
as part of the Higher Education Working Group to discuss institutional
strategies for managing the crisis.

On Capitol Hill, members of Congress working on economic legis-
lation turned to the Council for analysis and Council experts testified
before various committees on the issue.

Some of the Council’s best work on the issue was aggregated onto
a new section of CFR.org called Global Economy in Crisis. CFR.org’s
Emmy-winning Crisis Guide series also produced an impressive new
installment exploring how the crisis came about and what it might mean
for the future.

Several new Council products also contributed. The Center for Pre-
ventive Action (CPA) launched the Contingency Planning Memorandum
series with the report If the U.S. Dollar Plummets. The Squam Lake Work-
ing Group on Financial Regulation published several working papers on
the CGS website. And CGS Chartbooks provide an in-depth graphical
examination of foreign exchange reserves and how this recession com-
pares to previous ones.

Having spent a large part of our careers focusing on the intersection
of economics and foreign policy, we were deeply impressed by the range
and quality of the Council’s work on the issue this year. More broadly,
we want to express thanks to our fellow Board members for all they did
to support and guide the Council over the past year. We also want to
acknowledge the wise and able leadership of Council President Richard
N. Haass, who has increased the relevance and resilience of this institu-
tion during turbulent times.

Carla A. Hills
Robert E. Rubin
Co-Chairs of the Board

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