

Editor's Letter

A Fund for the Future

“PROSPERITY, LIKE PEACE, IS INDIVISIBLE,” US Treasury Secretary Henry Morgenthau Jr. said as he opened the Bretton Woods conference in 1944. It was, as he put it, an “elementary economic axiom” to help guide the founders of the IMF.

Today, these words are more important than ever. Our biggest challenges—from global warming to demographic and technological transformations—cannot be resolved by countries acting alone.

Yet just when we need greater international cooperation, we get the opposite: more fragmentation, conflict, and global disengagement; more zero-sum thinking that risks leaving our world poorer and less secure.

As we mark the IMF’s 80th anniversary, we ask: How can the Fund continue to adapt to the new realities and the changing needs of our 190 members? This F&D issue seeks to provide answers that are inspiring and thought-provoking.

IMF Managing Director Kristalina Georgieva strikes an optimistic note and calls for “21st century multilateralism”—a framework for international cooperation that’s more open and representative, with a better balance between advanced economies and the voices of emerging market and developing economies.

These voices are represented in this issue by top policymakers such as Barbados’ Prime Minister Mia Mottley, Kenyan President William Ruto, and Pablo García-Silva, a former vice-governor of Chile’s central bank. The economic fortunes of their regions depend, in many ways, on a better multilateral system, and they suggest ways in which the IMF can deliver that for its members.

On that point, proposals abound. Adam Posen reckons that narrowing the IMF’s mandate to its core macroeconomic mission and giving it greater operational independence would make it more evenhanded. Raghuram Rajan makes a related point: delegating more authority to the IMF’s management—coupled with reform to more fairly allocate quotas, the financial contributions paid by each member—could help bring a fragmented world together on critical issues.



“How can the Fund continue to adapt to new realities?”

Among these is climate change. That brings us to Masood Ahmed’s piece, which considers the ongoing debate over the IMF’s proper role in addressing the climate threat.

The Fund, of course, has long adapted to change. The IMF’s Ceyla Pazarbasioglu shows how much the organization has evolved in its regular reviews of member economies and its regional and global analyses. In a similar vein, historian Harold James draws lessons from the past for global financial risk management.

As we move forward, one thing remains clear. “We cannot have a better world without international cooperation,” notes Georgieva. Taking inspiration from John Maynard Keynes, one of the IMF’s founding fathers, she concludes: “Keynes would encourage us to go even further as a global ‘transmission line’ for sound economic policies, financial resources, knowledge—and as the ultimate platform for global economic cooperation.”

We also mark the 60th anniversary of this quarterly magazine, *Finance & Development*. Just as the Bretton Woods institutions and the global economy have adapted, so too has F&D. Today we are a platform on which thought leaders in many fields and from many countries explain and debate issues central to the global economy.

I want to express my gratitude to all our readers and contributors as we look forward to another 60 years of fresh thinking and inspiring debate. **F&D**

Gita Bhatt, editor-in-chief