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from the editor

THE END of a millennium is an occasion to review and take stock of past achievements. More important, it is also an opportunity to look forward and gauge the potential for future progress. This issue of *Finance & Development* seeks to do just that.

The stage for this review is set by John Kenneth Galbraith, the distinguished economist, who discusses some of the major challenges that face humankind as it enters the twenty-first century. He makes a plea for a closer international association as the key to improving life in the poorest countries and to fostering greater stability in the more developed countries.

The prospects for the global economy are analyzed by the IMF's area department heads. They assess the progress that has been made and the distinct challenges that must be overcome in each region to promote sustainable growth and, in the developing countries, to overcome the burden of poverty.

Several authors address the issues of globalization, development, and trade liberalization. Harold James takes a look at the danger posed by those who might react to, and seek to turn against, the workings of the open market economy. Shahid Yusuf analyzes the tensions between two seemingly opposed forces: while globalization has forced countries to focus on supranational issues, at the same time localization represents the growing demand for autonomy and political participation at the local level. William Dillinger and Marianne Fay review the benefits of decentralization and caution that certain preconditions must be met for it to succeed.

Two articles deal with the opportunities created by an open trading system. Simon Evenett sees all countries—developing as well as industrial—as benefiting from opening up their markets. While African countries can only gain by advocating open markets for their exports, Robert Sharer sees opportunities for them to make further progress by liberalizing their own trade regimes.

Other articles in this issue deal with a wide range of topics. The need for aid donors to establish human criteria in providing assistance is discussed by Paul Streeten, who calls for new policies designed to satisfy human needs and bring the world's poorest up to minimum income levels. The dramatic revolution created by the Internet and related technologies can, according to Don Tapscott and David Agnew, bring about a fundamental transformation in the structure and functioning of governments. Garry Schinasi, Burkhard Drees, and William Lee see the recent turbulence in financial markets as a salutary wake-up call, and they advocate a strengthening of the defenses against systemic risk. Michael Taylor and Alex Fleming draw on Scandinavian experience with integrated financial sector supervisory agencies and ask whether such integrated agencies would make equal sense in developing countries.

In our final article, Prabhat Jha, Joy de Beyer, and Peter Heller study the economic implications of the smoking plague. They conclude that, contrary to entrenched beliefs, policies to control tobacco use can bring large health benefits without harming economies.

Ian S. McDonald
Editor-in-Chief



CAMDESSUS TO RESIGN AS MANAGING DIRECTOR

Michel Camdessus, Managing Director of the IMF since 1987, announced on November 9 that he would resign early in 2000 after an unprecedented 13 years as Managing Director and Chairman of the IMF's Executive Board. He said that he intended to resign by mid-February 2000, after the Board names a successor.