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FROM THE EDITOR

IN SEPTEMBER 2000, at the Millennium Summit, government leaders committed with great fanfare to meet a set of Millennium Development Goals (MDGs) by 2015. These are specific, quantitative targets for progress in fighting poverty and improving education, health, and the environment, the number one goal being to halve the 1990 incidence of extreme poverty. Just one year later, the world was shaken by 9/11, prompting many to argue that global security hinged partly on ending the misery of the world's poor and disenfranchised. And meanwhile, the lack of progress in reducing poverty in parts of the world, especially sub-Saharan Africa, has been striking.

In this issue of *F&D*, we do a reality check on what is needed to reach the MDGs. The World Bank's 2004 *World Development Report* indicates that the goal of halving poverty is likely to be met at the *global* level. But what does that mean on the *country* level? A World Bank study prepared for the September 2003 meeting of the IMF–World Bank Development Committee underscores the need for urgent action on the part of developing and developed countries. The study shows that, even for 18 low-income countries that already have good policies and governance, if policies and foreign aid flows remain unchanged, none will achieve all of the goals, and two (Burkina Faso and Ethiopia) won't achieve any of them. However, if recipients improve policies, donors significantly boost aid and improve aid delivery, and market access is improved, the rewards will be immense. Three countries (Bolivia, Indonesia, and Vietnam) will meet all of the goals, all 18—which account for half the world's poor and receive one-third of global aid flows—will meet the poverty goal, and almost all will achieve the educational goals, although progress on health will still be disappointing. As this and other articles in this issue of *F&D* show, the hurdles to reaching the MDGs are many, and the time to act is now.

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In *Straight Talk*, Kenneth Rogoff suggests that the past decade of global disinflation may well be an unsung benefit of globalization—something that should give the antiglobalizers pause, particularly since lower inflation tends to help the poor the most. With *F&D*'s March 2004 issue, the column will be taken over by the IMF's new Economic Counsellor and Research Department Director, Raghuram Rajan. Rogoff left the IMF in October to return to Harvard University where he is Professor of Economics and Director of the Center for International Development.

In *People in Economics,* we profile Peru's Hernando de Soto—a charismatic populist who has won many converts among world leaders, ranging from Russia's Vladimir Putin and Thailand's Thaksin Shinawatra to Mexico's Vicente Fox and Afghanistan's Hamid Karzai. For de Soto, who expects to be working with 25 governments by the end of 2005, the key to defeating international terrorism and establishing capitalism in the developing world lies in enabling tens of millions of poor entrepreneurs across the developing world to become part of the system rather than excluded from it. Columbia University's Professor Jagdish Bhagwati has told us that de Soto is "arguably the most interesting intellectual writing on development today."

Also in this issue, we probe China's increasing vilification as a spoiler in the global trade game. IMF research suggests that China may be getting a bum rap.

Laura Wallace
Editor-in-Chief

Finance & Development welcomes readers' comments. Letters should not exceed 250 words and may be edited for length and clarity. Please address letters to the Editor-in-Chief, *Finance & Development,* International Monetary Fund, Washington, DC, 20431, USA or e-mail to *fanddletters@imf.org.*