

40 Years On

On *F&D*'s 40th birthday, a former Editor-in-Chief of the magazine reviews four decades of publishing

Ian S. McDonald

THE INITIAL impetus for what was to become *Finance & Development* came from the late Frank J. Southard, then IMF Deputy Managing Director, who was renowned for his stern oversight of every aspect of the IMF's operations. He conceived of a "Fund Survey" that would seek to explain the purposes and operations of the IMF. His initiative came at a time when there was virtually no public understanding of the IMF and its work, not even a basic pamphlet to explain its operations to the curious.

Yet there was much to explain. The IMF had been intimately involved in rebuilding the international monetary system after the Second World War, it had provided large amounts of financing to France and the United Kingdom following the 1956 Suez crisis, and its membership had begun to expand as newly decolonized countries became members. The purpose and operations of the institution, though, were still little known to the public at large and even to the officials of many member countries.

A paper prepared for the IMF's Executive Board proposed the establishment of the new publication. However, when Southard mentioned his plan to some of the vice presidents of the International Bank for Reconstruction and Development (better known as the World Bank), they immediately expressed an interest in being a part of the endeavor. There was little enthusiasm at the time among senior IMF staff for entering into a partnership with the Bank, but Southard sent down a memorandum saying firmly that he had decided that there would be a joint publication and that was the way it would be. The Board paper was accordingly delayed until the details of a joint publication could be worked out. As part of the understanding, it was agreed that the IMF would be responsible for the editing and production.

First issue

Volume 1, Number 1, of what was then called *The Fund and Bank Review: Finance & Development* appeared in June



Changing styles: *F&D* started out (left) like an academic journal.

1964. The chosen name reflected the two main purposes of the IMF and the Bank. A foreword written by Pierre-Paul Schweitzer, then Managing Director of the IMF, and George W. Woods, President of the Bank, explained the purpose of the new venture—namely, “to explain for a wide audience the business of the IMF and of the World Bank and its two affiliated institutions.” It noted that, while “this business is carried on by specialists . . . , many other people are interested in our work, and . . . they would like to be informed about it and without too many technicalities.” The new publication, the foreword emphasized, would not be an official document or a scholarly journal,

such as *Staff Papers*, which the IMF was already publishing.

To oversee the magazine, the IMF appointed John D. Scott, an experienced author and editor who had worked on the official U.K. history of the Second World War. He began cautiously. In contrast to today's publication with its attractive color graphics and wide range of articles from authors both inside and outside the IMF, the first issues of *F&D* were relatively sober affairs. Smaller in format than the present magazine, with a simple, unadorned cover, the maiden issue stuck closely to its mandate of explaining the IMF and the Bank.

The initial two articles introduced the Bretton Woods twins. The first, by J. Keith Horsefield, then the official historian of the IMF, was later reprinted as the first in the IMF's basic pamphlet series, a precedent that was followed by a number of later articles. But other articles took a wider perspective, looking at Japan's plan to double income, issues of inflation and growth, and hopes and problems in world education, all based on ongoing work at the two institutions. The issue concluded with articles reviewing recent activity in the IMF and the Bank, a practice that would continue until the introduction of the *IMF Survey* in 1972 made it redundant. From the beginning, the magazine was produced in French and Spanish, as well as English. Circulation for the three editions was set at a modest 20,000.

Evolutionary development

The patterns set by the first issue continued for a number of years. Change in *F&D* was evolutionary rather than revolutionary. The editorial focus was still largely devoted to explaining the work of the IMF and the Bank in layman's terms. For example, articles examined the process that had led to the Bretton Woods Conference and the consequent formation of the two institutions, the IMF's relations with Latin America, international liquidity, and balance of payments issues. In December 1964, the magazine published comprehensive reports on the IMF–World Bank Annual Meetings. These continued until, in the 1970s, the *IMF Survey* began to report on the meetings.

In June 1965, *F&D* began to publish rather severe looking photographs of its contributors, a practice that was to continue, with some interruptions, until 2002. One side effect of publishing the photos was to prompt the occasional marriage proposal from far-flung readers, much to the astonishment of the authors! By 1966, more articles on nontraditional topics, such as tourism, transportation, and industry, began to appear, and the use of photographs, maps, and even illustrations by staff artists increased. In December of that year, K. Sundara Rajan, the Indian Executive Director at the Bank, published an article questioning official policy—a first for the magazine. He argued that preferential tariffs would help developing countries and that their advantages would outweigh the disadvantages. The following March, the first letter from a reader was published.

The March 1968 issue appeared triumphantly in a new, larger format—the size it is today—and with a modest use of color on the cover, but still only two colors. In another innovation, a large map section drawn from the *World Bank Atlas* was inserted. Circulation was expanded to 85,000, and some issues grew to 76 pages. In June 1969, proudly proclaiming that “The Central Banker Is a Lady,” *F&D* included a photo of the first four women to take courses at the IMF Institute, the IMF's training arm. In December 1970, the range of language editions expanded to include a German edition, published in cooperation with the Hamburg Institute of International Economics (a selection of articles in Portuguese was already being published in Brazil).

Changing priorities

During the 1970s, international monetary relations developed in both extent and complexity. Such issues as European integration, the impact of the oil embargo, developing country access to the markets of industrial countries, income distribution, and population pressures came to the fore. These were increasingly reflected in the content of *F&D*.

The results of the first, limited readership survey were reported in September 1973, and, as one outcome, more libraries were invited to subscribe. Limits were set on circulation to individual subscribers in an effort to encourage institutional subscriptions. Additional



surveys would be conducted in later years, all of which revealed readers' enthusiasm for *F&D* and the striking finding that each copy was passed on and read by an average of five persons. This indicated that the effective readership was considerably greater than bald circulation statistics might indicate.

An Arabic edition was introduced in June 1975. At first, it comprised a selection of articles that were published as a supplement to *Al-Iqtissadi*, the economic publication of the important Al-Ahram publishing house in Cairo. Interestingly, the first editor-in-chief for this venture was Boutros Boutros-Ghali, who later served as Secretary-General of the United Nations. A Chinese edition was also founded, using the services of the China Financial and Economic Publishing House in Beijing.

An article in the September 1975 issue by Mahbub ul Haq, the distinguished development economist who was at the time a staff member of the World Bank, aroused considerable internal controversy. In the article, entitled "Toward a New Framework for International Resource Transfers," a cogent analysis of the strengths and weaknesses of the new international economic order, ul Haq took issue with official Bank policy, writing, "In order to become a truly international institution and to shed its image of a Western club, the World Bank must aim at universality of membership." Although such sentiments might seem unexceptional today, strong reservations were expressed by senior IMF management, and the article was published only after the Bank's vice president for external relations, William Clark, declared his support. The article eventually came out with an explicit qualification that it represented the view of the author and not official Bank policy. This episode established the principle that *F&D* should not be bound to publish only articles that reflected official policy.

Opening to discussion

The trend toward opening up the pages of *F&D* to well-known external authors expanded markedly after June 1982, when a new editor, Bahram Nowzad, was appointed. Nowzad was the first editor to have come to the helm from a career position in the IMF, where he had been an assistant director in what was then the Exchange and Trade Relations Department, now the Policy Development and Review Department. He was the author of a memorandum advocating the establishment of an external relations department in the IMF and had a wide range of contacts in academia and elsewhere.

The first guest article by an outside expert appeared in June 1983. Nicholas Kaldor, an emeritus professor at Cambridge University and advisor to the Labour government in the United Kingdom, tackled the limitations of devaluation for balance of payments adjustment. His article appeared with a brief "Rejoinder" by the editor-in-chief of the magazine arguing that devaluation was often necessary to restore payments equilibrium. Other guest articles followed in later issues. Among outside contributors, Jagdish Bhagwati of Columbia University wrote on the future of global trade negotiations; Henry Owen of the Brookings Institution, on changing public perceptions toward aid; and Max Corden, then a professor at the Australian National University, on protection, the exchange rate, and macroeconomic policy. Also, Tony Killick, the Director of the Overseas Development Institute in London, engaged in a discussion with the editor on the appropriateness of IMF policy prescriptions.

The subject of curbing military expenditures in the developing world, which had hitherto been a taboo topic in both the IMF and the Bank, was opened up by the magazine. In September 1991, this subject attracted contributions from the most senior levels in the form of a guest article by Bank President Robert S. McNamara and an accompanying statement on the issue by Michel Camdessus, then Managing Director of the IMF.

During the 1990s, successive editors-in-chief of *F&D* faced the challenge of adapting the content of the magazine to reflect new priorities and emphases in the international system. Issues dealt with the environment; the status of women in development; the Uruguay Round; global warming; and, with the weakening and later breakup of the former Soviet Union, the new challenges of managing centrally planned economies and economies in transition. The editors in the early 1990s also sought to make the publication livelier, printing letters to the editor and debates between two authors on a single topic.



F&D's editors (left to right): Ian McDonald (1997–2001), Bahram Nowzad (1982–88), Claire Liuksila (1993–97), Shuja Nawaz (198–92), Pamela Bradley (199–08), and Laura Wallace (2001–present); not pictured are John D. Scott (1964–74), Ian Bowen (1974–77), and Samuel Katz (1977–82).

Withdrawal of World Bank

On several occasions in the 1980s and the 1990s, the World Bank had raised the issue of terminating its relationship with the IMF in publishing *F&D*. Each time, though, it had reconsidered. In 1997, however, the Bank decided to end copublication because of budgetary considerations, its own shifting external relations priorities, and its wish to focus limited resources increasingly on broadcast and film media. This decision was to end what, over the years, had been a perfect example of IMF–World Bank cooperation and left the IMF with a dilemma. Should it continue to support, on its own, a magazine that had considerable public relations merit and that was greatly appreciated by its worldwide readership, but whose costs were expected to increase markedly?

After considerable internal discussion and cost analysis, the IMF's senior management—particularly Stanley Fischer, the First Deputy Managing Director, who had published a number of articles in the magazine—decided that the advantages of continuing publication outweighed the potential disadvantages (mostly cost). To save some costs, publication of the German and Portuguese editions was ended. These had only a limited circulation, and the high cost per copy made it uneconomical to continue their publication.

The Joint Committee that had overseen policy and the magazine's budget was ended, and the Bank staff regretfully withdrew from the editorial advisory board. The author of this article was appointed to edit the revamped magazine.

At the same time, the editorial staff recognized that *F&D* suffered from an outdated two-color design and a clearly inexpensive paper stock. To enhance the publication's visual appeal and attract new readership, there was a shift to four-color processing, with all photographs, illustrations, and

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charts in color. Previously, beginning in 1994, four-color process had been used only for the cover. Also, in hopes of raising some extra revenue, the IMF hired a New York company to sell advertising, a venture that had also been tried in the early 1990s. This effort was again only partially successful although the magazine continues to carry some institutional advertising.

Faced with the need to open up a whole new spectrum of articles, the editor expanded the effort to enlist more authors from outside the IMF—in business, central banking, and finance. World Bank authors were still invited to submit their articles, but these were considered external submissions and judged accordingly. The first issue to be published entirely by the IMF, in June 1998, highlighted the Asian crisis, which was still creating financial turmoil across the world. Articles on this topic were contributed by IMF First Deputy Managing Director Stanley Fischer; the Mexican Central Bank Governor, Guillermo Ortiz; John Lipsky of Chase Manhattan Bank; and staff from both the IMF and the Bank.

Subsequent issues followed the pattern of highlighting important current concerns. These included the relationship between economic policy and equity; issues surrounding European economic and monetary union; opportunities for reform in Africa; the problems of transition from centrally planned to market economies; the new, vocal force of civil society; and—in December 1999—issues for the new millennium.

The breakup of the former Soviet Union in the early 1990s led not only to articles covering the new successor states but also to a recognition that there was a considerable demand for Russian-language publications. *F&D* was a perfect candidate to provide basic information on the international economy and financial system to these countries. An agreement was reached with a Moscow publisher, Vez Mir, to produce a Russian edition. To reach the broadest possible audience, this edition has recently been replaced by an edition that is entirely Web-based.



Current priorities

The pattern followed in recent years has been to keep a corpus of articles by IMF staff as the magazine's mainstay. At the same time, important pieces are sought from Bank staff, particularly when these tie in with an issue's overall theme. *F&D* also continues to invite a variety of outsiders to contribute to the ongoing debate on development and the future of the international financial and trading systems.

In keeping with these objectives, and with the need to provide an increasingly diverse readership with a diverse palette, the magazine has launched a number of shorter and more visual features, entitled Picture This, Back to Basics, and Country Focus, as well as profiles of individuals under the rubric of People in Economics. In addition, it introduced a column that enables the IMF's head of research—first Kenneth Rogoff and currently Raghuram Rajan—to outline his views in an informal fashion. The design of the magazine continues to evolve, in part owing to the influence of the Web and its impetus toward shorter, more accessible pieces. Circulation of Arabic, Chinese, English, French, and Spanish editions has increased to a total of 110,000 copies, and *F&D* is also available on the Web in English, French, Russian, and Spanish.

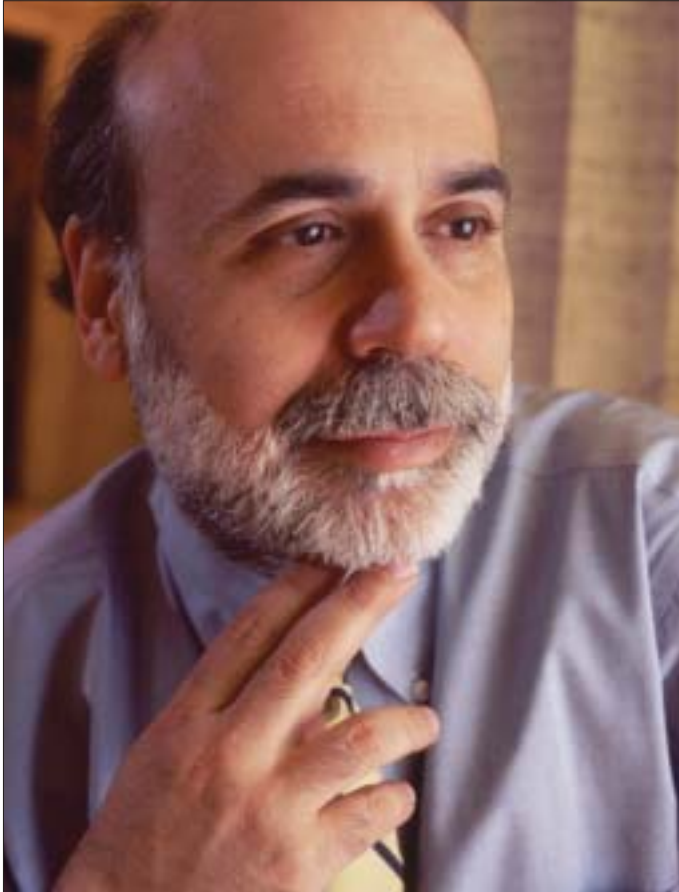
As the IMF expands its interests and areas of responsibility, *F&D* seeks to alert its readers to the major issues being debated within the IMF and the international financial com-

munity, sometimes even before these have been brought to the IMF's Executive Board. To round out its content, *F&D* has also focused on broader development issues, such as the role of institutions and health, and has attracted contributions from leading authorities in these areas.

A new readership survey is under way. It will seek both to obtain more information on readership demographics to ensure that *F&D* continues to meet the needs of its readers and also to gain data on readership habits, given the increased global access to publications on the Web. Eventually, a Website could even offer additional content to readers beyond the print version, provide more room for letters and other features, and contain more topical information.

What is encouraging is that, as it enters its fifth decade, *F&D* continues to evolve while attempting to examine current issues in a provocative and lively fashion. This should help the magazine live up to Rogoff's challenge to the current Editor-in-Chief—to be on the cutting edge of informed thinking. ■

Ian S. McDonald was the Editor-in-Chief of Finance & Development from 1997 to 2001. He has benefited from the contributions of former chief editors Bahram Nowzad, Shuja Nawaz, Pamela Bradley, and Claire Liuksila and of the current Editor-in-Chief, Laura Wallace.



How's *your* car running?

“Economics is a very difficult subject. I've compared it to trying to learn how to repair a car when the engine is running.”

Ben S. Bernanke
Member, Federal Reserve Board of Governors

From an interview with Ben Bernanke in the June 2004 *Region*
The quarterly magazine of the Federal Reserve Bank of Minneapolis
minneapolisfed.org/pubs/region/04-06/