

A climate for recovery

WE HAVE come a long way over the past year. The economic tsunami that was unleashed by the collapse of Lehman Brothers turned uncertainty into outright panic, and in the frenzied fallout, global economic activity began to collapse at a rate not seen since the Great Depression.

Today, the storm seems to have passed and the worst averted. Thanks to bold and rapid action, delivered in an atmosphere of unprecedented policy cooperation, global economic activity is again on the rise, although, as we highlight in this issue of *F&D*, unemployment and the lingering scars of the crisis will continue to take a toll.

One of the major lessons from the recovery is the power of multilateralism—the success of working together to combat a crisis. It is a lesson that could also be applied to the global problem of climate change, explored in our cover story. With the world apparently on an economic recovery path, policymakers are looking at ways to limit the impact of climate change through broad international action. One of the challenges is to balance actions to mitigate climate change with measures to stimulate growth and prosperity.

This issue of *F&D* also examines a variety of issues raised by the crisis—including the future of macroeconomics, explored by William White, former chief economist at the Bank for International Settlements, and the longer-term impact of the crisis on the United States, the world's largest economy. Our "People in Economics" profile spotlights Joseph Stiglitz, the Nobel Laureate who "can't get any respect at home." We also look at the need for rebalancing growth in Asia, which is leading the world out of recession, and we interview five influential Asians on the region's fragile rebound. We turn our "Straight Talk" column over to Barbara Stocking of Oxfam, who makes a forceful case for stepping up help to the most vulnerable around the world.

"Data Spotlight" looks at trends in inflation, which has fallen into negative territory in some countries during the crisis, and in "Point-Counterpoint," two experts discuss the pros and cons of remittances—funds repatriated by migrant workers to family and friends back home.

Jeremy Clift
Editor-in-Chief

- 38** **Choosing an Exchange Rate Regime**
A new look at an old question: Should countries fix, float, or choose something in between?
Atish R. Ghosh and Jonathan D. Ostry
- 41** **Too Big to Ignore**
Oversight of systemically important banks must be reevaluated
S. Raihan Zamil
- 45** **Crisis Contained**
Asian voices reflect on the region's fragile rebound
Archana Kumar

DEPARTMENTS

- 2** **People in Economics**
The People's Professor
Prakash Loungani profiles Joseph Stiglitz
- 30** **Point-Counterpoint**
Remittances in Development
A Lifeline to Poor Countries
Dilip Ratha
A Wobbly Crutch
Ralph Chami and Connel Fullenkamp
- 48** **Back to Basics**
Why Countries Trade
Brad McDonald

- 50** **Book Reviews**
Fool's Gold, Gillian Tett
Keynes: The Return of the Master, Robert Skidelsky
The Unexplored Keynes and Other Essays: A Socio-Economic Miscellany, Anand Chandavarkar
The Power of Freedom: Uniting Development and Human Rights, Jean-Pierre Chauffour
- 54** **Straight Talk**
The Poor Should Not Pay the Price for the Crisis
The economic crisis forces us to confront chronic vulnerability and damaging inequality. How can the financial sector help shoulder the cost?
Dame Barbara Stocking
- 56** **Data Spotlight**
Inflation Drops to Negative Territory
The global crisis has caused inflation rates to fall almost everywhere
Mick Silver and Kim Zieschang
- 57** **Index of Articles for 2009**

Illustration: Cover, Studiolen/Corbis; pp. 6, 15, 30, 31, 38, Images.com/Corbis; p. 26, Katsushika Hokusai/Wikipedia; p. 41, Randy Lyhus.

Photography: p. 2, Michael Spilotro/IMF; p. 10, Abir Abdullah/epa/Corbis; p. 13, Emil Jupin; p. 19, Oliver Weiken/epa/Corbis; p. 28, Rainer Schröder; p. 32, Newscom; p. 35, Stringer Shanghai/Reuters/Corbis; p. 47, Buddhika Weerasinghe/Reuters; AFP/Getty Images/Newscom; Yung Chul Park; Eugene Salazar/IMF; Michael Spilotro/IMF; pp. 50, 51, 53, Michael Spilotro/IMF; p. 54, Oxfam GB.