

Multilateralist solutions for a globalized world

WE live in an increasingly globalized and interconnected world, helping to spread ideas, information, and technology ever more quickly. The globalized economy has created a complex and interlocking network of capital and trade flows that have brought major economic gains, lifting hundreds of millions of people out of poverty around the world.

But, as we have seen from the prolonged global financial crisis, our interconnectedness carries grave risks as well as benefits. With instant communication comes the risk of rapid contagion. There is, thus, a strong public interest in ensuring that global economic integration is supported by a coherent set of coordinated national macroeconomic policies and a harmonized international regulatory regime that addresses the fragilities in our global financial system.

This issue of *F&D* magazine looks at different aspects of interconnectedness. Kishore Mahbubani, dean of the National University of Singapore's Lee Kuan Yew School of Public Policy and author of the forthcoming book *The Great Convergence: Asia, the West, and the Logic of One World*, argues that what he terms the global village increasingly requires global solutions to big emerging problems such as climate change.

Kemal Derviş, former head of the United Nations Development Programme who is now a vice president at the

Brookings Institution, looks at three fundamental shifts in the global economy that are leading to major adjustments in the balance between east and west. He argues that the world of the future will be ever more multipolar and interdependent, which calls for emerging and developing countries to play a greater role in international institutions.

In *Straight Talk*, Christine Lagarde, IMF Managing Director, says the Fund is making progress at mapping global financial risks and the links between the financial sector and the “real” economy, but that arguably the biggest challenge is persuading national policymakers to take a global perspective.

Masahiro Kawai, dean of the Asian Development Bank Institute, and Domenico Lombardi, president of The Oxford Institute for Economic Policy, examine the growing set of regional financial arrangements that help underpin global financial stability.

Also in this issue, we profile Justin Yifu Lin, the World Bank's first chief economist from an emerging economy, who discusses New Structural Economics as a method for rethinking sustainable development; look at how Myanmar is reintegrating into the global economy; and examine proposals to broaden taxation of the financial sector in Europe.

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