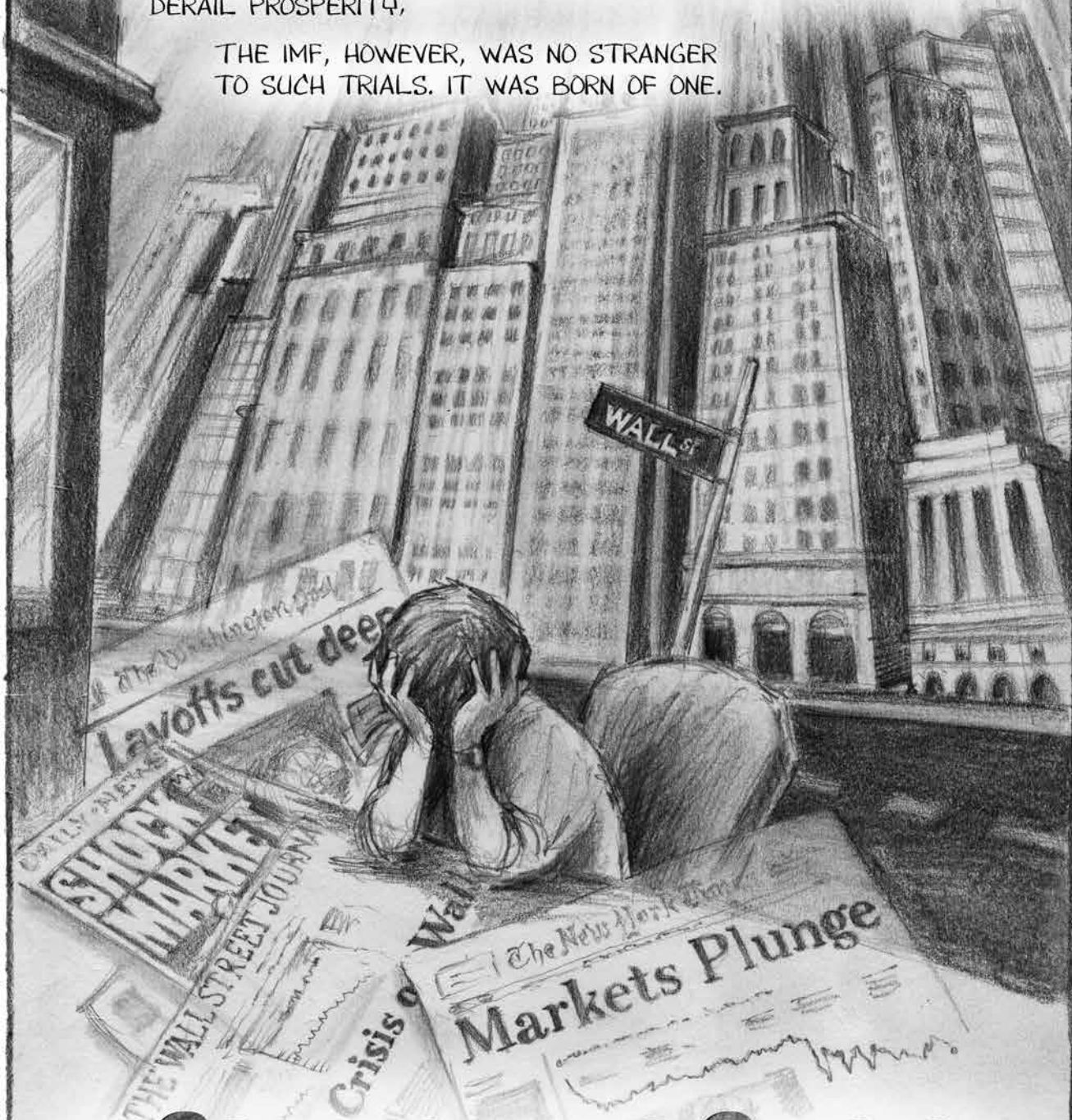


SOMETIMES THE PAST IS PRELUDE. BUT LITTLE IN THE 21ST CENTURY'S FIRST YEARS HINTED AT THE GALE-FORCE ECONOMIC DESTRUCTION THAT LAY AHEAD. IN 2007, THE WORLD AGAIN FACED A CRISIS THAT THREATENED TO UPEND ECONOMIES AND DERAILED PROSPERITY,

THE IMF, HOWEVER, WAS NO STRANGER TO SUCH TRIALS. IT WAS BORN OF ONE.

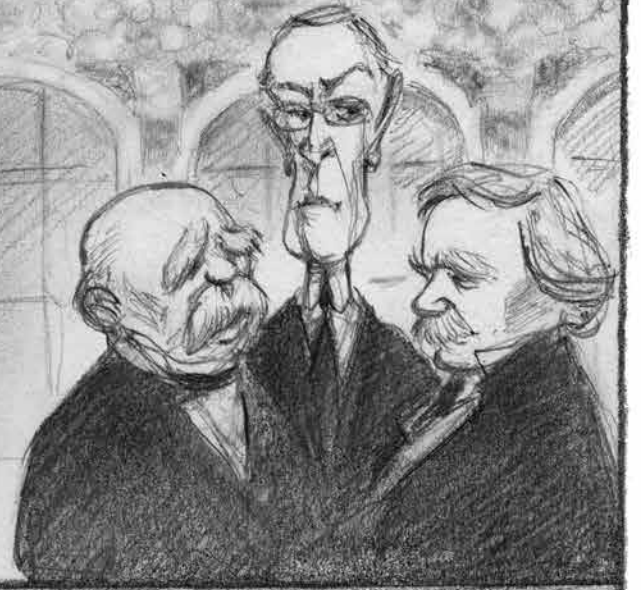


CONFRONTING CRISIS

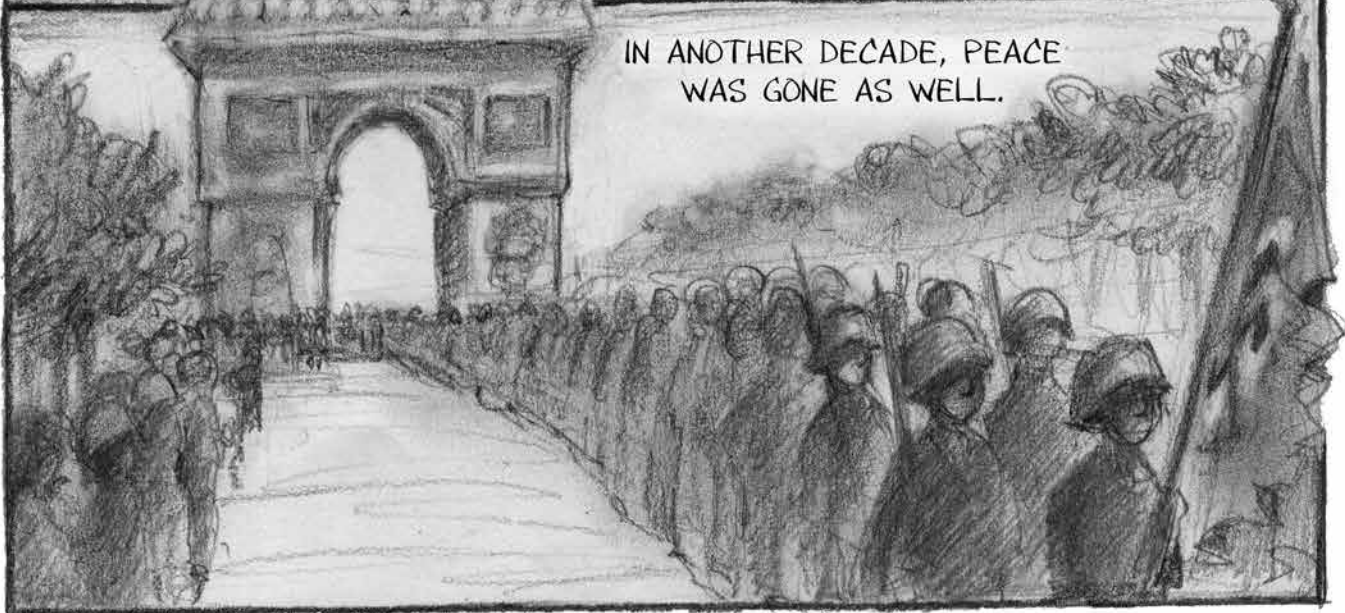
GLOBAL COOPERATION AND
THE INTERNATIONAL MONETARY FUND

STORY BY JOE PROCOPIO PICTURES BY NICK GALIFIANAKIS

WHEN THE GREAT POWERS MET IN PARIS IN 1919, THEY WRANGLLED OVER U.S. PRESIDENT WOODROW WILSON'S PROPOSALS FOR RESTORING PROSPERITY AND PEACE AFTER WWI. BUT A SERIES OF IRRESOLUTE HALF MEASURES LED TO A TREATY OF VERSAILLES THAT ULTIMATELY FAILED TO REESTABLISH ORDER.



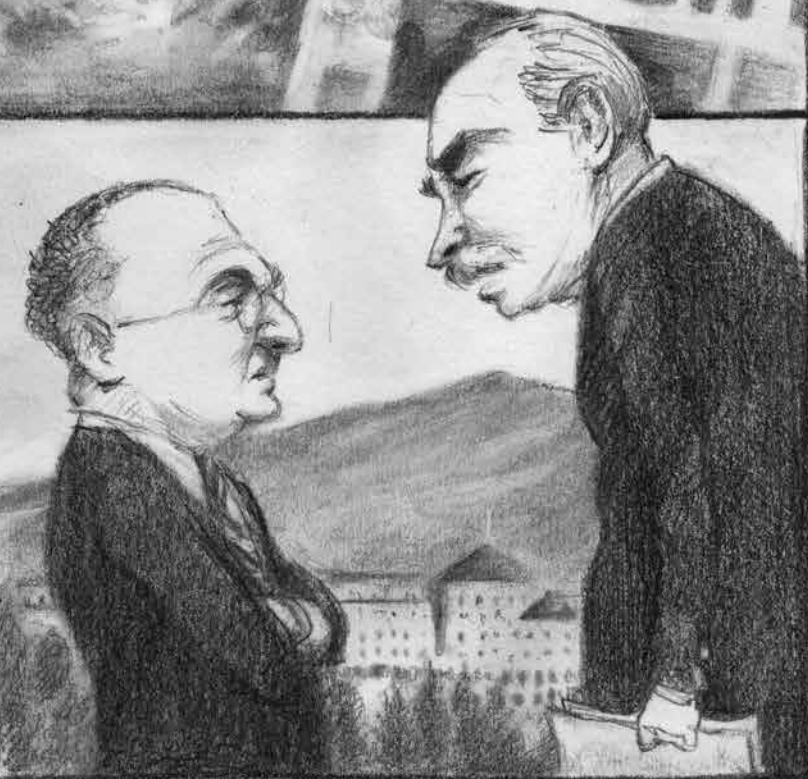
WITHIN A DECADE, PROSPERITY WAS LOST...



IN ANOTHER DECADE, PEACE WAS GONE AS WELL.



WITH THE END OF WWII IN SIGHT, WORLD LEADERS RESOLVED NOT TO REPEAT THESE MISTAKES. AT BRETTON WOODS, NEW HAMPSHIRE, HARRY DEXTER WHITE AND JOHN MAYNARD KEYNES CONVENED NEGOTIATIONS THAT QUICKLY SPAWNED THE IMF AND ITS MISSION TO PROMOTE INTERNATIONAL MONETARY COOPERATION, TRADE, AND THE SMOOTH FLOW OF GLOBAL CAPITAL.



THE IMF AND OTHER FLEDGLING INTERNATIONAL ORGANIZATIONS EMBODIED THE POSTWAR SPIRIT OF MULTILATERAL COOPERATION, AND EVENTUALLY EUROPE WAS REBUILT FROM WAR'S DECIMATION. BUT AS ECONOMIC ACTIVITY BURGEONED, THE WORLD FACED NEW CHALLENGES.



IN THE 1950S AND '60S,
NEWLY SOVEREIGN AFRICAN
NATIONS JOINED THE IMF
FULL OF PROMISE BUT
SHORT ON INFRASTRUCTURE.

THEY SOUGHT SUPPORT
IN BUILDING CAPACITY
AND POLICY EXPERTISE.

AS AFRICAN ECONOMIES EVOLVED, SO
TOO DID THE IMF'S APPROACH...

....HELPING AFRICAN LEADERS
ADDRESS ISSUES OF DEBT
AND POVERTY.

AS THE 1960S WORE
ON, INCREASED U.S.
SPENDING ON THE
VIETNAM WAR WORSENERD
THE OVERVALUATION OF
THE U.S. DOLLAR,
STRAINING THE
VIABILITY OF FIXED
EXCHANGE RATES.

BY THE 1970S, THE ORIGINAL FRAMEWORK FOR PROMOTING ECONOMIC STABILITY COLLAPSED. UNDER THE IMF'S BRETTON WOODS SYSTEM, COUNTRIES HAD TO PEG THEIR EXCHANGE RATES TO THE U.S. DOLLAR. BUT WHEN THE UNITED STATES ABANDONED THE GOLD STANDARD, MAJOR WORLD CURRENCIES BEGAN TO FLOAT AGAINST EACH OTHER.



EVEN THOUGH THE IMF DEVELOPED NEW INSTRUMENTS IN RESPONSE, OTHER CHALLENGES SURFACED. PRIVATE SECTOR CAPITAL FLOWED EVER MORE



FREELY, BUT A MORE INTEGRATED GLOBAL ECONOMY CAME WITH VULNERABILITIES, AND THE 1980S SAW A SERIES OF ESCALATING DEBT CRISES.

GLOBALIZATION'S RISKS AND DOWNSIDES BEGAN TO SURFACE, SPARKING PROTESTS. THIS WAS NOT THE FIRST TIME IDEOLOGIES HAD CLASHED.



A HISTORY OF FRACTIOUS RELATIONS OFTEN HAMPERED INTERNATIONAL COLLABORATION. THE ORIGINAL HOPE FOR COMPREHENSIVE IMF MEMBERSHIP SHATTERED EARLY ON, WHEN POSTWAR HOSTILITY COOLED INTO COLD WAR ENMITY.



EVENTUALLY CHINA JOINED THE IMF. LATER WHEN THE BERLIN WALL FELL, MEMBERSHIP RAPIDLY EXPANDED, AND A NEW ERA OF BROADER ECONOMIC COOPERATION BEGAN.

YET WITH INTEGRATION COMES INTERDEPENDENCE, MAKING THE COMING OF THE 2007 CRISIS ALL THE MORE FORMIDABLE,...



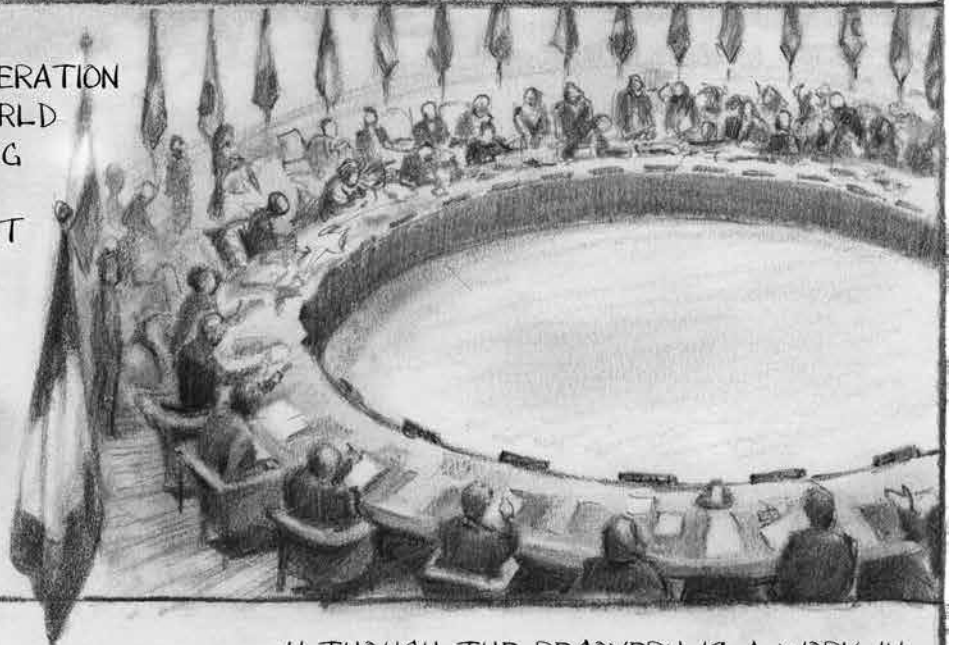
THE U.S. SUBPRIME MORTGAGE CRISIS SENT SHOCK WAVES ACROSS THE WORLD. IN 2008, PANIC SURGED, AND THE SCOPE OF THE GREAT RECESSION OVERWHELMED ANY ONE COUNTRY'S CAPACITY TO CONTAIN ITS CALAMITOUS EFFECTS. THE WOUND THREATENED TO BE DEEP AND DISFIGURING FOR THE GLOBAL ECONOMY.

THE IMF WAS BUILT TO FORESTALL JUST SUCH A DISASTER.



IN THIS MOMENT GLOBAL LEADERS FACED A CHOICE: THE COMMUNITY OF NATIONS COULD EITHER PULL TOGETHER OR APART.

FORTUNATELY, COOPERATION PREVAILED. THE WORLD COMMUNITY, WORKING THROUGH THE IMF, MOBILIZED TO AVERT A DEVASTATING SEQUEL TO THE GREAT DEPRESSION, SECURING THE BREATHING ROOM TO REGROUP AND REBUILD.



ALTHOUGH THE RECOVERY IS A WORK IN PROGRESS, THE WORLD COMMUNITY HAS REAFFIRMED THE IMF'S ONGOING MANDATE: PROMOTE GLOBAL ECONOMIC STABILITY. THE FUTURE HOLDS MANY CHALLENGES, BUT THE MODEL OF MULTILATERALISM HAS BEEN TESTED AND PROVEN INVALUABLE ONCE MORE.

