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from the editor

LIKE the mythological hydra, corruption is a many-headed foe that insinuates itself into every part of the social fabric, weakens the body politic, and jeopardizes prospects for economic growth. The menace of corruption has often seemed unconquerable. Recently, however, as governance has improved and decision making has become more transparent through the efforts of governments and private organizations and individuals, there has been noticeable progress in curbing corruption.

Four articles in this issue of *Finance & Development* discuss differing aspects of the fight against corruption. Robert Klitgaard considers ways to tackle entrenched systemic corruption when the usual measures of control have proved insufficient. Jeremy Pope and Frank Vogl of Transparency International, a leading nongovernmental organization dedicated to combatting corruption, analyze ways to ensure the success of national anticorruption agencies. In their article, Daniel Kaufmann, Aart Kraay, and Pablo Zoido-Lobaton observe that corruption is only one of the symptoms of misgovernance and look at the steps governments are taking to measure the quality of governance and employ the results to encourage economic development. Raj Desai and Itzhak Goldberg discuss how new constituencies for reform in Russia should best be supported and entrenched corruption defeated.

In the first article in a new series entitled Point of View, in which *Finance & Development* will present the opinions of outside observers on important issues of the day, Mohamed A. El-Erian provides a personal view of where the emerging markets are headed.

Trade expansion and trade liberalization are now recognized as integral elements in development. This issue of *Finance & Development* carries articles on various aspects of international trade as it affects the Caribbean countries, sub-Saharan Africa, and China's links with other Asian economies. Other articles examine the importance of labor-market performance for the long-term success or failure of European Economic and Monetary Union; trends that are transforming the banking world; the question of whether or not agricultural development banks are worth reforming; and a new template for measuring countries' international reserve holdings.

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Ian S. McDonald
Editor-in-Chief

Horst Köhler Takes Office as IMF Managing Director



Horst Köhler took office as Managing Director of the IMF on May 1, 2000, succeeding Michel Camdessus, who resigned in mid-February. Köhler, a German national, came to the IMF from the position of President of the European Bank for Reconstruction and Development, where he had served since September 1998. He served, from 1993 to 1998, as President of the German Savings Bank Association and, from 1990 to 1993, as Deputy Finance Minister of Germany, with responsibility for international financial and monetary relations. In this capacity, he was closely involved in the process of German unification and the negotiations for the agreement on European Economic and Monetary Union. He is married and has two children.