

There are two key facts brought out in Rose's study that enable the incorporation of Rose's overall results into a theory of the role of the GATT/WTO that is consistent with (a) the common sense understanding that the GATT/WTO was an important contributing factor to the vast expansion of trade and investment in the post-WWII era; (b) the general view that there remains important unfinished business for the multilateral trade system to address in the context of the Doha Round; and (c) that there is indeed an underlying tension between multilateralism and regionalism.

1. Examining the impacts by decade, Rose reports evidence of positive and significant effects of GATT membership in the 1950s. The estimated gains shrink in the 1960s when GATT membership expanded and the General System of Preferences (GSP), which does have a significant positive impact on trade intensities, was integrated into the GATT framework in the context of the Kennedy Round. By the 1970s, the impacts turn negative, they were small but positive in the 1980s and unstable in the 1990s.³³
2. Rose also reports a significant impact of GATT/WTO membership for industrial countries, especially the originally contracting parties, which constituted the wealthier, most highly industrialized countries in the world.

Provisionally, I am inclined to interpret these results as follows.

First, there seems to be a general pattern of what could plausibly be considered diminishing returns to openness.³⁴ This can be understood on the following basis: since GATT members

³³ *Ibid.*, pg 13.

³⁴ John Helliwell has made this point in terms of the welfare gains from trade. See, for example: John F. Helliwell, "Globalization: Myths, Facts, and Consequences", C.D. Howe Institute Benefactors Lecture, 2000. The same point would seem to apply in terms of further reduction of tariffs that have already been reduced to little more than nuisance levels and below the level where they would enter in any significant way into trade calculations,