

theories have to do enough heavy lifting that they stand the expectation of the basic theory on it head! That this is too much to ask of basic theory should have long been obvious to all.

We may choose to express dissatisfaction with the multilateral institutions responsible for the global systems of trade, finance and promoting development; but to me that makes about as much sense as shooting the messenger for bad news or firing the manager of a sports team because the players are truly awful. Put another way, the IMF and World Bank did not invent the so-called Washington Consensus—this was distilled from the experience of successful emerging markets and applied as a prescription for development in other countries. The problem was that, like other prescriptions previously used, it did not seem to consistently work as a prescription. Similarly, the WTO is merely the forum in which countries negotiate the rules of the road or rules of the game for important aspects of international commerce and their own terms of engagement; changing the forum will not in any way change the nature of the issues faced by its members, which today include most of the international community.

To be sure, sometimes an entrenched bureaucracy is part of the problem in preventing a change from failed solutions to more promising approaches; and in terms of the metaphor used earlier, sometimes the manager of a sports team is part of the problem. However, it is not obvious to me that presently the problems lie so much in the institutions as in the state of our understanding of the dynamics of the systems of international commerce and of the process of economic development.

Surprising life in the multilateral system

Two recent events have helped rather dramatically to confound trend watchers perceiving an unstoppable momentum towards regionalism, bilateralism and even unilateralism. I refer to the Duelfer Report on the success of the UN in its arms inspections in Iraq and the July 2004 agreement in the WTO on a negotiating framework for the Doha Round.