

GATT itself reflects the hostility of the U.S. Congress in the late 1940's to the Charter of the International Trade Organization, the I.T.O. But the significance of this phenomenon is very different today, in a world that lacks an undisputed hegemon. Professor Kindleberger points to the heart of the matter when he argues that international public goods -- in this instance, the liberal multilateral trading system -- will tend to be underproduced in the absence of world leadership. And, as I hope to show before I have done, it is also the core issue and key challenge of the Uruguay Round.

Returning to the major hitch in launching the talks, i.e. conflict over the inclusion of the "new issues", especially services; it seemed to me that though the debate was couched in legalistic and procedural terms, the real issues were of a most basic economic and political nature. These issues should be understood not only because of their intrinsic importance but also because they illustrate the interrelationship of trade, debt and development. For the sake of brevity let us focus on trade in services. The question is worth a diversion.