

must be pointed out, the major seminal works of modern economics, including that of Smith himself, were very much motivated as an attack on mercantilism. David Ricardo's articulation of the theory of rent, for which he is primarily known today, found its first application in the debate over Britain's Corn Laws. Ricardo's arguments helped make the case for the abolition of these agricultural protections, which in turn had (arguably) much to do with the Britain's emergence as the pre-eminent industrial power of the 19th Century.

And international trade was also at the very root of the establishment of the post-World War II economic order at Bretton Woods: it was the damage wrought by protectionism in the 1930s that motivated the framers of the agreements that established the International Monetary Fund, the World Bank and the provisional General Agreement on Tariffs and Trade (GATT)—the latter as stand-in for the proposed but never approved International Trade Organization.²

The early postwar economic order was not much concerned with institutions, however. *Laissez faire*, as qualified by Keynes and the Keynesians, relied on market forces with a judicious admixture of government macroeconomic intervention to regulate economic growth and propel development. It was only when this approach stumbled in the 1970s with "stagflation" (a combination of economic stagnation and high inflation that was not anticipated under the Keynesian economic model) at home, major currency and commodity price fluctuations and trade imbalances internationally, not to mention an unexpected cessation and even reversal of broad-based development in what came to be called the Third World, that a fundamental rethinking of economics was prompted.

And in good measure, it was to the institutional frameworks in which economies functioned to which economists turned their attention. One of these institutional features was money; the result was the monetarist revolution in macroeconomics. In development economics, successive waves of reform were

² Diebold, W. J. (1952). "The End of the I.T.O.", *Essays in International Finance No.16*. Princeton: Princeton University. October: 1-37.