Volume 14 Number 1, 2013 esteyjournal.com

The Estey Centre Journal of
International Law
and Trade Policy

## Abstract

# International Economic Law, and Institutions in Developing Countries

Tae Jung Park
*JD (Juris Doctor) graduate, School of Law, Case Western Reserve University*

The Washington Consensus policies (i.e., policies that focus primarily on privatization and liberalization) have failed to work as promised. In the developing countries that followed the Washington Consensus policies, economic growth was limited at best. Many scholars agree that this is because developing countries failed to establish "right institutions" (i.e., institutions that that reflect the local market conditions and culture), which are crucial for the Washington Consensus policies to perform well.

The Washington Consensus and the WTO were working together because they both call for openness to trade, so there was never a conflict between the two. However, the WTO has never come to grips with the fact that its openness agenda is no longer accepted as a sufficient or even a necessary part of development policy. The WTO has not shown sufficient efforts to help developing countries implement right institutions, even though the WTO faces domestic institutions through various channels such as the dispute settlement system. The goal is not to use free trade as a means for growth but to use growth as a means to achieve free trade. That is, once a country has developed, we can expect it to accept the free trade regime, but we should not necessarily expect it to grow through free trade.

This article argues that the WTO must shift from a "market access" mind-set to a "development" mind-set, enable developing countries to experiment with institutional arrangements, and leave room for them to devise their own right institutions. The article introduces three methods by which to achieve this shift: (1) modification of the accession process, (2) modification of safeguards, and (3) cooperation with the International Monetary Fund.

Editorial Office: 410 22nd St. E., Suite 820, Saskatoon, SK, Canada, S7K 5T6.
Phone (306) 244-4800; Fax (306) 244-7839; email: kerr.w@esteycentre.com