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Introduction

Speaking at the Brookings Institution in April 1998, Robert Rubin, the US secretary of the treasury, explained the need to strengthen the ''architecture'' of the international financial system (Rubin 1998). Although he gave a new name to that need, it had been identified three years earlier, shortly after the Mexican crisis of 1994-95, when the governments of the major industrial countries proposed a number of reforms aimed at preventing future crises and resolving more effectively the crises that do occur. This book describes the evolution of that reform effort. It explains how the challenges posed by the emerging-market crises of the late 1990s affected the course of the architecture exercise and how the exercise itself affected the ways in which the official community sought to resolve those crises. It also proposes further changes in the international financial architecture intended to strengthen the financial systems of emerging-market countries, limit the use of large-scale official financing, and foster the involvement of private-sector creditors in the resolution of financial crises.

The Origins of the Architecture Exercise

The Mexican crisis of 1994-95 is discussed fully in chapter 2, along with the Asian crisis of 1997-98. But a brief account must be given here to explain the origins of the architecture exercise.

The Mexican crisis began in March 1994, when capital inflows came to a sudden stop after the assassination of Luis Donaldo Colosio, presidential candidate of the Partido Revolucionario Institucional (PRI), the leading

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political party. Betting on an early resumption of those inflows, the Mexican authorities declined to take corrective action—to tighten monetary policy or devalue the peso. But subsequent capital inflows were too small to cover the country's large current account deficit, and Mexico's reserves began to fall. To limit the loss of reserves, the Mexican government issued large quantities of *tesobonos*, short-term debt instruments repayable in pesos but indexed to the US dollar. In September 1994, however, a second assassination—this time of the PRI's secretary general—was followed by a sharp drop in the Mexican stock market and more reserve losses. The newly elected Mexican government therefore sought to engineer a modest devaluation. On 20 December, it widened the band within which the exchange rate was allowed to fluctuate. But the peso fell promptly to the weak edge of the band, and Mexico's reserves were too small to defend it. The Bank of Mexico had to let the peso float, and it depreciated rapidly, losing half its dollar value in less than two weeks.

At that point, Mexico's currency crisis turned into a debt crisis. The depreciation of the peso implied a huge increase in the dollar value of the outstanding *tesobonos* and thus jacked up the budgetary cost of redeeming them. Had investors been willing to roll them over, the immediate budgetary burden—the increase in the peso value of the interest payments on the *tesobonos*—might have been manageable. But Mexico could not readily redeem the whole stock of *tesobonos* and could not possibly convert the pesos paid to holders of maturing *tesobonos* into US dollars. Hence, investors were unwilling to roll over their holdings.

Early in 1995, the US Treasury sought congressional support for financial assistance to Mexico, but that effort failed. Faced with the rising risk of a Mexican default, not unlike the one that touched off the debt crisis of the 1980s, the US Treasury and the International Monetary Fund (IMF) assembled $50 billion of official financing, including $20 billion from the US Exchange Stabilization Fund (ESF) and $18 billion from the IMF itself. The package made it possible for Mexico to redeem the whole stock of *tesobonos*—which is precisely what it did during the next several months. The Fund's contribution to the package was the largest in its history, more than twice as large as the normal limit on a member country's *cumulative* use of IMF resources. For its part, Mexico adopted a set of policy changes aimed at cutting the current account deficit in 1995 and reducing the inflation rate to single-digit levels by 1997.[1]

Although it averted a damaging default, the Mexican "bailout" was severely criticized. It was seen by some to increase moral hazard, because debtors and creditors might conclude that they would not be penalized for making mistakes. It was seen by some to be unfair, because it protected

1. On the failed attempt to obtain congressional support for unilateral US assistance to Mexico and details of the subsequent financial package, see Henning (1999); on Mexico's policy changes and the markets' response, see Leiderman and Thorne (1996).

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from losses one class of investors—those who had bought *tesobonos*—but not investors who had bought Mexican equities and other peso-denominated claims.[2] And it was widely seen as a worrisome precedent, even by those who endorsed it, because the IMF did not have sufficient financial resources to offer large-scale assistance to other crisis-stricken countries.

At the Halifax Summit in June 1995, the governments of the G-7 countries[3] sought to address these objections. They called for measures to reduce the risk of future crises and for steps to strengthen the IMF itself—to augment its resources and improve its procedures—in order to deal decisively with those crises that could not be prevented. The Halifax communiqué (Group of 7 1995) made several recommendations.

In aid of crisis prevention, an ''early warning system'' should be developed, based in part on strengthened IMF surveillance and the disclosure of more information to market participants. To this end, the IMF should establish benchmarks for the timely publication of economic and financial data and should identify publicly those countries that adopt them. It should also provide sharper policy advice to individual governments and deliver franker messages to those that appear to be avoiding necessary actions.

In aid of crisis resolution, official financing should be made available quickly in amounts sufficient to manage shocks effectively. The IMF should therefore design an Emergency Financing Mechanism (EFM) to provide faster access to Fund financing when crises occur and should make larger up-front disbursements in such situations. To backstop these efforts, the network of credit facilities available to the Fund, the General Arrangements to Borrow (GAB), should be doubled in size by raising the lending commitments of existing participants and adding new participants.

The Halifax communiqué also called for further work on two broad issues. First, it asked that efforts be made to safeguard the financial system by strengthening international cooperation in supervising financial institutions and markets. Countries should still be encouraged to remove capital market restrictions, but the international financial institutions

2. In Washington, moreover, critics charged that the Treasury's use of the ESF defied the intent of Congress, which had refused to endorse unilateral US assistance to Mexico. Congress responded by restricting subsequent use of the ESF for loans to foreign governments. As the restrictions were still in force in mid-1997, the United States could not contribute significantly to the financial package assembled for Thailand in July 1997. But they expired later that year, allowing the United States to contribute to the financial packages for Indonesia and Korea.

3. The G-7 countries are Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States. The G-10 countries, mentioned below, actually total 11; they comprise in addition Belgium, the Netherlands, Sweden, and Switzerland.

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should help them design appropriate supervisory structures. Second, it called for a review of the legal and other issues posed by debt crises—issues made more complex in the 1990s by the large number and heterogeneity of the private-sector creditors that could be involved in a crisis. Third, it called for an examination of ''other procedures'' to aid in the orderly resolution of future debt problems.[4]

Some of these recommendations were implemented rapidly. The IMF was quick to adopt an EFM to foster prompt and continuing consultations between the Fund's management and its Executive Board during discussions with governments that have an unusually urgent need for IMF assistance—consultations that had been short-circuited during the Mexican crisis. The Fund also began to develop statistical standards to foster prompt publication of economic and financial data: a Special Data Dissemination Standard (SDDS) for countries that participate in global capital markets and those that aspire to do so, and a less demanding General Data Dissemination Standard (GDDS) for all other countries.

By the end of 1996, moreover, agreement had been reached on a scheme to augment the credit facilities available to the IMF. Instead of enlarging the GAB, a group of 25 countries, including several emerging-market countries, agreed to surround the GAB with another network of credit facilities: the New Arrangements to Borrow (NAB). The GAB remains in place, but the NAB is now the Fund's primary source of credit.[5] The Fund's managing director can ask for activation of the NAB when the IMF requires supplementary resources ''to forestall or cope with an impairment of the international monetary system or to deal with an exceptional situation that poses a threat to the stability of that system'' (IMF 1999g, 455).

The request for new work on financial stability and the supervision of the financial system did not lead quickly to visible results, but the issue was not dropped. At the Lyon Summit in 1996, the G-7 governments called for ''maximum progress'' on three fronts:

- enhancing cooperation among the authorities responsible for the supervision of internationally active financial institutions, importantly by clarifying their roles and responsibilities;
- encouraging stronger risk management and improved transparency in the markets and connected activities, especially in the innovative markets;

4. The reference to ''other procedures'' was, I am told, intended to express guarded interest in the proposal by Sachs (1995) for an international bankruptcy regime to deal with sovereign debt problems.

5. The decision to create the NAB, not enlarge the GAB, addressed the concern of some G-10 governments that adding new participants to the GAB would dilute their control over its use.

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- encouraging the adoption of strong prudential standards in emerging economies and increasing cooperation with their supervisory authorities; international financial institutions and bodies should increase their efforts to promote effective supervisory structures in those economies. (Group of 7 1996, para. 11)

By that time, moreover, Morris Goldstein had proposed the development of an international banking standard (Goldstein 1997), and that task was taken up by the Basel Committee on Banking Supervision. In April 1997, it issued the first draft of *Core Principles for Effective Banking Supervision* and published the definitive version a few months later (BCBS 1997).[6]

The Rey Report and Private-Sector Involvement

The final recommendation of the Halifax Summit—that there be a review of the issues posed by debt crises—led to the creation of a G-10 working party chaired by Jean-Jacques Rey of Belgium. Its report (Group of 10 1996), often called the Rey Report, was issued a full year before the Asian crisis, was formally endorsed by the G-10 governments, and can fairly be regarded as the point of departure for the subsequent architecture exercise. Its recommendations are discussed later in this study, but some of its main findings deserve mention here.

Although the Rey Report did not rule out large-scale financial assistance to a sovereign debtor—the strategy adopted in the Mexican case—it said that this sort of support is warranted only under exceptional circumstances. The use of official funds to repay private-sector claims is inconsistent with the principle of equitable burden sharing and with the need to conserve official financial resources. Furthermore, frequent use of large-scale financing could give rise to moral hazard on the part of both debtors and creditors. It would insulate debtors from the costs of poor debt management, and it would insulate creditors from the costs of inadequate risk assessment.

The Rey Report rejected radical innovations, such as the proposal by Jeffrey Sachs (1995) for an international bankruptcy regime to meet the needs of sovereign debtors. It cited the legal and practical problems involved, but it also found fault with the implicit analogy between sovereign and private debtors. The report praised the work of the Paris Club, which restructures sovereign debt to official creditors, and that of the London Club, which restructures sovereign debt to commercial banks. It noted, however, that achievements of those groups owed much to the

6. There was other work in progress at that same time; see Working Party on Financial Stability in Emerging-Market Economies (1997) and Folkerts-Landau and Lindgren (1998).

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fairly small number of creditors involved, which simplified management of the free-rider problem. That problem, it said, will be harder to solve now that the debts of sovereign borrowers consist largely of bond issues, not bank loans, with many of the bonds held by investors who have no enduring links with the debtor countries. Nevertheless, it concluded that debt workouts will be necessary, because large-scale official financing is not the right way to deal with debt crises. That indeed was its main message:

> [I]t is essential to maintain the basic principle that the terms and conditions of all debt contracts are to be met in full and that market discipline must be preserved. However, in exceptional cases, a temporary suspension of debt payments by the debtor may be unavoidable as a part of the process of crisis resolution and as a way of gaining time to put in place a credible adjustment program.
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> [N]either debtor countries nor their creditors should expect to be insulated from adverse financial consequences by the provision of large-scale official financing in the event of a crisis. Markets are equipped, or should be equipped, to assess the risks involved in lending to sovereign borrowers and to set the prices and other terms of the instruments accordingly. There should be no presumption that any type of debt will be exempt from payments suspensions or restructurings in the event of a future sovereign liquidity crisis. (Group of 10 1996, i)

But the Rey Report dealt mainly with sovereign debt, not private-sector debt. In fact, it expressed strong reservations about interrupting debt payments by private-sector debtors. Trade credits and interbank lines, it said, are crucial links between a country and the world economy. Furthermore, a suspension of private-sector payments could require the use of exchange controls, which might impair a country's access to international capital markets, might not be feasible after a country has dismantled its exchange control regime, and might induce market participants to rush for the exit before controls can be imposed.

The Asian Crisis and the Architecture Exercise

If the Asian crisis of 1997-98 had been—or become—a sovereign debt crisis of the Mexican sort, the findings of the Rey Report would perhaps have influenced the policy response. But there were two crucial differences between the Asian and Mexican crises.

First, the Asian crisis did not start with a sudden shock like the Colosio assassination. There was instead a gradual deterioration of economic and financial conditions in Thailand—the country in which the crisis began—that started more than a year before Thailand ran out of reserves and, like Mexico before it, sought to devalue its currency but was forced to let it float. But the collapse of the Thai baht sent a sudden sharp shock to other Asian countries. The Philippines, Malaysia, and Indonesia were

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the first to be affected. And when Taiwan devalued its currency to ward off the crisis, the ''Asian flu'' migrated to Hong Kong and Korea.

Second, Asian governments did not have large foreign currency debts, so there was no risk of a sovereign debt crisis. Instead, short-term foreign lending to the stricken countries' banks suddenly stopped and was reversed. The resulting reserve loss was very rapid and was compounded by capital flight and speculation. The problems of the banks and other private-sector debtors were then exacerbated by the huge depreciations of their countries' currencies.

Unlike the collapse of the Mexican peso, the collapse of the Thai baht was seen at first to be a ''glitch'' rather than the harbinger of much larger problems. Yet the official response was similar in both cases, and in subsequent cases as well—massive official financing orchestrated by the IMF. The package assembled for Thailand amounted to $17 billion, the one for Indonesia was more than twice as large, and the one for Korea was even larger (see table 1.1).[7]

There was a late and limited attempt to roll over the foreign currency debts of Thai banks; Japanese banks agreed informally not to reduce their remaining claims on their Thai affiliates. There was a more comprehensive effort to roll over and restructure the short-term debts of Korean banks. Even after the first tranche of official financing had arrived in Seoul, foreign banks continued to run down their claims, and Korea's reserves were falling by $1 billion per day. In fact, the first tranche of official financing vanished in a fortnight. To avert a de facto default, the central banks and governments of the major industrial countries urged their own banks to roll over the rest of their claims on Korean banks, and the banks agreed to do so. In addition, they agreed thereafter to swap $24 billion of their short-term claims for one- to three-year obligations, most of which were guaranteed by the Korean government (see, e.g., Eichengreen 2000b). More on this episode later.

The Asian crisis led to innovations at the IMF. Having had to declare that Mexico and Thailand faced ''exceptional'' problems to enable them to obtain unusually large amounts of IMF credit, the Fund sought to normalize large drawings of that sort. In December 1997, it established a Supplemental Reserve Facility (SRF) with which to provide large-scale assistance to a country faced with a ''sudden and disruptive loss of market confidence reflected in pressure on the capital account and the member's

7. The 1995 package for Mexico was equivalent to 12 percent of 1994 GDP and to 82 percent of 1994 merchandise exports. The 1997 package for Thailand was smaller by both measures: it amounted to 9 percent of 1996 GDP and 32 percent of 1996 exports. The 1997 package for Korea fell between the two on both measures, at 11 percent of 1996 GDP and 45 percent of 1996 exports. But the 1997 Indonesian package was the largest relative to GDP (16 percent of 1996 GDP) and only slightly smaller than the Mexican package relative to exports (72 percent of 1996 exports).

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Table 1.1 Official financing for Thailand, Indonesia, and Korea (billions of dollars)

Country and source	Original package	Disbursed as of March 1999
Thailand		
IMF	4.0	3.1
World Bank and ADB	2.7	2.0
Other	10.5	8.0
Total	*17.2*	*13.1*
Indonesia		
IMF	10.1	9.2
World Bank and ADB	8.0	2.5
Other	18.0	2.6[a]
Total	*36.1*	*14.3*
Korea		
IMF	21.1	18.8[b]
World Bank and ADB	14.2	9.6
Other	23.1	—
Total	*58.4*	*28.4*

ADB = Asian Development Bank.

a. Includes $1.0 billion under the Miyazawa Initiative.
b. Before deducting $4.8 billion repaid by Korea.

Source: International Monetary Fund.

reserves'' (IMF 1999g, 276). Drawings on the SRF must be repaid more rapidly than other drawings, and the interest rate charged on those drawings is higher.

In 1999, moreover, after the Russian crisis and the turmoil it produced, the Fund undertook to provide Contingent Credit Lines (CCLs) to help countries cope with contagion—what it described as ''circumstances largely beyond the control of the member'' caused mainly by ''adverse developments in international capital markets consequent upon developments in other countries'' (IMF 1999g, 280). To qualify for a CCL, however, a country would have to meet several tests,[8] and it could not use its CCL until the IMF had completed an ''activation review'' to satisfy itself that

8. A country could prequalify for a CCL if its policies obtained a ''positive assessment'' from the IMF and were unlikely to cause balance of payments problems for which it might need Fund financing; if it subscribed to the SDDS and other relevant standards such as the Basel Core Principles and was making adequate progress in meeting those standards; if it was maintaining constructive relations with its private creditors and managing its external debt and reserves in a manner conducive to limiting its external vulnerability; and if it submitted a satisfactory policy program, including a quantified policy framework. Recently, however, the Fund sought to make CCLs more attractive by relaxing these requirements. These changes, described in chapter 4, led Fischer (2001b) to predict that countries will soon start to apply for CCLs.

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the country's need for financing was indeed due to contagion and that it was ready to adjust its policies to deal with "any real economic impact that may follow from contagion" (IMF 1999g, 280). Thus, when the new window was opened, no one was waiting outside to apply. The preconditions were daunting, and activation was not automatic.

The institutionalization of large-scale financing may have been the most fundamental result of the Fund's involvement in the Asian crisis, but it was not the most controversial aspect of that involvement. The policy commitments the Fund extracted in exchange for its assistance have been strongly criticized by many economists, including some who disagree on many other matters.

When a government seeks to draw on the IMF, it must submit a letter of intent describing the policies it will pursue to solve its balance of payments problem and listing a set of quantitative performance criteria that can be used to monitor the country's progress. If the criteria are not met, Fund financing is suspended until they are met or are renegotiated. Although a letter of intent is, in principle, a unilateral declaration by the government concerned, it reflects the outcome of negotiations between the government and the Fund. The number and scope of the policy commitments contained in the typical letter of intent have increased appreciably, causing a marked increase in the number of performance criteria. But the commitments made by the Asian countries at the Fund's behest were extraordinarily comprehensive, sparking controversy about their nature as well as their number.[9]

Some critics insist that the Asian countries should not have been told to tighten their fiscal and monetary policies. Their policies, these critics say, were far superior to those of countries that typically draw on the Fund; they were the victims of creditor panic, not misguided domestic policies. Furthermore, they had begun to experience dramatic reductions in output, rising unemployment, and ominous social unrest, and economic austerity would have aggravated those grave afflictions.[10]

Other critics accuse the Fund and Western governments of mounting an opportunistic attack on "Asian capitalism" and they argue that many of the policy commitments extracted from the Asian countries had no bearing whatsoever on their urgent problems. Why should Indonesia be made to eliminate food subsidies, reduce its tariffs, and abolish domestic monopolies, such as those dealing in garlic and cloves? Why should Korea be forced to agree that foreigners be allowed to acquire domestic financial

9. On the long-term evolution of Fund conditionality, see Polak (1991); on recent developments, see Goldstein (2000).

10. For this view, see Jeffrey Sachs ("The Wrong Medicine for Asia," *New York Times,* 3 November 1997; "IMF Is a Power unto Itself," *Financial Times,* 11 December 1997), Radelet and Sachs (1998, 2000), and Blinder (1999).

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institutions? Why must it eliminate ''directed lending'' by Korean banks and move swiftly to strengthen corporate governance? Each nation is entitled to choose its own economic structure, and its need for short-term financial assistance ''does not give the IMF the moral right to substitute its technical judgments for the outcomes of the nation's political process'' (Feldstein 1998, 27).

The Fund was prepared to acknowledge mistakes. As it did not expect output to fall so sharply in the Asian countries, its fiscal-policy targets had been too tight. In fact, it relaxed those targets rather quickly. It also agreed that the closing of 16 Indonesian banks had been mismanaged in that, on the advice of the Fund, the Indonesian government had not guaranteed large deposits in those banks or in other privately owned banks. But the Fund defended its demand for the speedy pursuit of far-reaching reforms in the financial and corporate sectors of the Asian countries. It would have been wrong, the Fund said, to clean up or close insolvent banks without addressing immediately the fundamental defects of the financial system: ''strengthening weak institutions to continue business as usual in a poorly regulated system would have given at best temporary relief'' (Lane et al. 1999, 69). In short, far-reaching structural reforms were essential to start and sustain recovery in the crisis-stricken countries.

These and other issues raised by the critics of conditionality were revived in 2000 by the Meltzer Report, commissioned by the US Congress, which described conditionality as being both intrusive and ineffective.[11] The Fund began to address those issues in 2001, when the managing director, Horst Köhler, issued new guidelines to limit the number and scope of policy conditions in individual IMF programs. Conditionality did not find its way onto the agenda of the architecture exercise, despite the increasing attention it gave to the need for structural reform in emerging-market countries, especially financial-sector reform. Rather than implicitly endorsing the Fund's remedial argument that recovery could not occur without fundamental reform, that attention reflected the ongoing emphasis of the architecture exercise on the need for all emerging-market countries—not just crisis-stricken countries—to reduce their vulnerability to future crises.

The importance attached to crisis prevention became very visible in early 1998, when the US Treasury convened an ad hoc group of 22 ''systemically significant'' countries, and that group then issued three reports: on transparency and accountability, on strengthening national financial systems, and on managing international financial crises (Group of 22 1998a, 1998b, 1998c). In early 1999, moreover, the G-7 governments estab-

11. International Financial Institution Advisory Commission (2000), cited hereafter as IFIAC (2000).

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lished the Financial Stability Forum (FSF) to promote international cooperation and the exchange of information among national and international bodies involved in supervising and regulating the financial sector. Participants in the FSF include representatives of the national agencies responsible for financial stability in major financial centers, the international financial institutions, and other international bodies concerned with regulation and supervision. The FSF began its work by creating three working groups of its own—on the issues and risks arising from international capital flows, the issues posed by the activities of hedge funds and other highly leveraged institutions, and the prudential problems posed by offshore financial centers (FSF 2000c, 2000d, 2000e).[12]

What Lies Ahead

The ongoing work of the architecture exercise was distilled in reports made annually to the G-7 summits, most notably the report prepared for the Köln Summit in 1999 (Group of 7 1999b). It is discussed at length in subsequent chapters. Those chapters also examine the ways in which the architecture exercise was influenced by the Russian crisis of 1998, the resulting ''flight to quality'' in international and national markets, the Brazilian crisis of 1998-99, and the debt problems of four other countries—Pakistan, Ukraine, Romania, and Ecuador.

Chapter 2 looks more closely at the Mexican and Asian crises, in an effort to answer three questions: (1) Were the crises caused by deep-seated flaws in the economic and financial systems of the crisis-stricken countries, by defective policies, or by an inherent instability of international capital flows? (2) Why were the crises so contagious? (3) Why did they lead to deep recessions? The chapter examines the links between banking and currency crises and the roles of exchange rate regimes; and, with the benefit of hindsight, asks whether there were better ways to deal with those crises.

Chapter 3 seeks to clear away some fundamental misconceptions that get in the way of clear thinking about crisis prevention and crisis management. It argues, for example, that an intergovernmental institution like the IMF is ill-suited to serve as a ''lender of last resort'' to sovereign states, and that the recent debate about the exchange rate regimes and policies of emerging-market countries has been framed in an overly simplistic way. It also examines the principal recommendations of the Meltzer Report, which called for sweeping changes in the mandate of the IMF and for the substitution of prequalification for conventional conditionality.

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12. Another new body, the Group of 20, was established in 1999. It includes most of the countries represented in the Group of 22, and it has the same aim—to involve emerging-market countries in the effort to reform the international financial architecture.

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Chapter 4 traces the evolution of the architecture exercise. It starts once again with the Rey Report, asks how its findings and recommendations fared at the hands of the Group of 22, and asks what was added and subtracted by the reports to the Köln Summit in 1999 and the Okinawa Summit in 2000. It also shows how the evolution of the architecture exercise was influenced by the emerging-market crises discussed in chapter 2 and asks what the architecture exercise has achieved thus far.

Chapter 5 focuses on unresolved issues, paying particular attention to two questions: How can emerging-market countries be induced to adopt the standards and codes that have been developed under the aegis of the architecture exercise and that have been its main contribution to crisis prevention? How can private-sector creditors be involved more quickly and decisively in crisis resolution? It also draws together conclusions and recommendations scattered through earlier chapters.

Some who read the first draft of this book asked why it did not deal with some of the proposals for radical reform of the international financial system, such as the one by John Eatwell and Lance Taylor (1998) for the creation of a global regulatory authority, or the one by George Soros (''Avoiding a Breakdown'' *Financial Times,* 31 December 1997) for the creation of an international agency to insure investors against debt defaults. They also asked why it did not deal with a wider range of issues, including the governance of the IMF, new ways of funding the IMF to sever the constraining link between its members' quotas and the financial resources available to it, and the case for redrawing the boundary between the tasks of the IMF and of the World Bank Group.

These are very important issues—more important, perhaps, than some of the issues to which the architecture exercise devoted a great deal of attention. But my objective here is narrower. I aim at assessing the architecture exercise on its own terms, by asking how well the architects met the objectives they set for themselves. By that test, I argue, they did fairly well, but they have more work to do—and some work to be undone. The architecture exercise is not finished and should not be allowed to succumb to fatigue or to be crowded out by other urgent issues.

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