Critical Law & Development Studies is trapped in an aspirational world of ideas and ideologies. Consequently, it has not developed the knowledge and methodologies to explain the ever widening gap between the normative claims of Law & Development and the reality of increasing displacement, dispossession, poverty, wars, unemployment and violence experienced by the vast majority of the people in the Third World today. Critical Law & Development scholarship labours to ‘marry’ human rights to economic development. The methods turn on doctrinal analysis of legal statues, e.g. the Articles of Association of World Bank, IMF, UDHR, ICCPR, ICECSR etc. to synthesise economic and human development. Such synthesis can only exist in the realm of ideas and thought processes. Reality, dictated by other real forces on the ground, takes a course of its own. This paper argues that the relationship of economic development to human conditions presupposed in the human rights way to development on the one hand, and the legal underpinnings of that relationship on the other, cannot be understood without locating Law & Development within wider questions about the transformations in post-War capitalism and the relationship of international organisations and international law to it. More specifically, an explanatory critique of Law & Development must be located within two transformative moments in the post-World Wars world. The first transformative moment was the move from the Empire System to the UN System. The second moment was the debt crisis in the 1980s. The first moment saw the rise of Public International Law, the juridification of international relations and a new institutional order comprised of international organisations. The second moment saw widespread legal and institutional transformations commonly understood as the switch from state regulation to market regulation. These institutional transformations more than the normative challenges provide real clues to understanding the gaps between the aspirations of Law & Development and the desperate conditions of people in the Third World today.