Summary, Ruggie, "International regimes, transactions, and change: embedded liberalism in the postwar economic order," International Organization, 1982.

This summary may suffer a little bit from my relative lack of knowledge of economic terminology…but I think I got the basic argument anyway.

Ruggie is formulating a thesis about how international regimes for money and trade (like the GATT and the IMF) have "affected the evolution of the international economic order since World War II." (379). He maintains that differences of opinion over international regimes often reflect deeper epistemological differences within the way such regimes are defined. Ruggie himself wants to define such regimes as having an intersubjective quality: they are not just equivalent to the specific individual elements that make them up, but also to a certain "language" of order and meaning that they produce.

Ruggie evokes the neo-realist idea that this "language" international regimes produce is equivalent in actuality to the language of power. This type of model makes a specific prediction: "if economic capabilities are so concentrated that a hegemon exists…an 'open' or 'liberal,' international economic order will come into being." (381). If the concentration of economic capabilities erodes, the liberal economic order will begin to be replaced by more mercantilist orders, in which domestic political authority is asserted over international economic issues.

Ruggie wants to develop a theoretical argument against this type of hypothesis. He maintains that, instead of the "language" of international regimes simply masking a language of power, instead it represents "a fusion of power with legitimate social purpose." (382). While international economic regimes do not determine the kinds of international transaction flows that occur, they do provide a "permissive environment for the emergence of *specific kinds* of international transaction flows that actors take to be complementary to the particular fusion of power and purpose that is embodied within those regimes." (383). Ruggie goes on to make a distinction between changes in economic concentration, changes in international regimes, and changes in the normative framework which those regimes embody. A decline in economic power of a hegemon may necessitate changes in the instruments regimes use, but that does not mean that the norms they seek to administer necessarily change as well. Ruggie wants to use this hypothesis to argue that many of the economic changes in the 1971-1982 period reflected not an abandonment of a commitment to economic liberalism and the collapse of Bretton Woods, but an adjustment within that normative economic framework.

To do this, Ruggie distinguishes, following Karl Polanyi, between two types of economic orders: "embedded" and "disembedded" orders. Normally, Polanyi contends, "the economic order is merely a function of the social, within which it is contained." (385). The nineteenth century, with its defense of laissez-faire capitalism in and for itself, represented an unusual departure from this state of affairs. Laissez-faire redefined the "legitimate social purposes in pursuit of which state power was expected to be employed in the domestic economy." (386). After World War I, there was a clear tendency to make international economic policy subject to domestic economic and social policy. "National monetary authorities were [no longer] inclined to '*follow the market*'…rather than to assert independent national objectives of their own." (391). Ruggie designates the liberalism that was restored after World War II as "embedded liberalism." Negotiations on the postwar economic order which culminated in the Bretton Woods conference emphasized the two themes of multilateralism and nondiscrimination which Ruggie sees as key features of the post-World War II "embedded liberal" economic order. The consensus that emerged provided for "free and stable exchanges, on the one hand, and, on the other, the erection of a 'double screen'…to cushion the domestic economy…" (395). Laissez-faire liberalism was no longer at issue: modern international policy no longer considered itself divorced from domestic social and economic constraints.

Ruggie characterizes the period of the 1950s and 60s as marked by the rise of international economic regimes (like the GATT and the IMF) which helped minimize “socially disruptive economic adjustment costs as well as any international economic and political vulnerabilities that might accrue from international functional differentiation.” (399). In the 1970s, there were important changes in monetary and trading regimes, which many neo-realists attributed to a decline in U.S. hegemony. (These changes were, briefly, an end to the dollar being convertible into gold and the adoption of floating exchange rates. I am leaving out a lot of economic details). For Ruggie, while he concedes a decline in U.S. hegemony, he maintains that the normative basis of the economic regimes remained the same: competition without endangering domestic stability. Thus, while institutions like the IMF and the GATT changed to reflect a lessening of American influence, this did not amount to a reversion to mercantilism. Instead, the new “protectionism” reflects “the victory of the interventionist, or welfare, economy over the market economy.” (410). Governments are no longer prepared to let their domestic economies be entirely at the mercy of international competition.

Ruggie ends by posing the question: “How enduring is embedded liberalism?” (413) The answer to this question, in his opinion, depends on the response to the problems of inflation, developing countries, and the role of the private markets.