The United States and the United Kingdom: Exploring the Diversity of Modern Capitalism

Lecturer: Dr James Wood
Email: jdw82@cam.ac.uk
Office: T3, Trinity Hall, Cambridge CB2 1TJ
Office Hours: Email to arrange an appointment

Module Outline

The United States and the United Kingdom share an intertwined history and have played leading roles in the development of the modern international economy. Within Comparative Political Economy, the US and the UK are considered exemplars of a particular ‘liberal market economy’ variety of capitalism, oriented around a finance-driven ‘Anglo-liberal’ growth model. This shared vision of the economy is often conceptualised as neoliberalism, which places an emphasis on promoting market mechanisms at the expense of state intervention, flexible labour markets, low inflation targeting and other supply-side interventions. This model has often proved controversial, provoking the ire of Continental states lamenting the excesses of ‘Anglo-Saxon’ capitalism fostering financial instability and rising inequality.

Through a comparative examination of British and American capitalisms, as well as the investigation of particular themes, this lecture series critically evaluates the notion of a shared model of liberal Anglo-American capitalism. In order to do so, it introduces students to Comparative Political Economy, a sub-field of Comparative Politics that focuses upon capitalism as a holistic set of social, political and economic relations.

Viewing the UK and the US through the lens of Comparative Political Economy, we examine the rise of neoliberalism, welfare state changes, systems of financialisation and the Anglo-liberal growth model, the Global Financial Crisis and the political economy of income inequality. As such, by the end of the course, students will have a developed a robust conceptual grasp of some of the key themes within Comparative Political Economy, a historically grounded knowledge of the development of market-state relations in the UK and the US, as well as an appreciation of some of the key transformations in post-war capitalism on both sides of the Atlantic. Students should be able to compare and contrast the trajectories of political-economic transformation in both countries.

Supervision essay questions:

1. To what extent does the Varieties of Capitalism framework provide a convincing account of the political economy of the US and UK?

2. To what extent are financialisation and neoliberalism part of the same phenomenon? Support your answer using an empirical analysis of the US and UK cases.

Separate essay guides will be distributed to students before each supervision.
Lectures and Readings:

Lecture 1: The Rise of Transatlantic Neoliberalism

Whilst both Britain and the USA are widely considered exemplars of Neoliberalism, the concept itself has been widely critiqued and there are questions as to the distinctiveness of Anglo-American Neoliberalism. As such, this lecture critically considers the merits of reducing our conception of both economies to being 'neoliberal' and we further assess the usefulness of such a framework for comparative purposes. To develop an understanding of Anglo-American capitalism, this introductory lecture explores the theoretical foundations of neoliberalism, the emergence of neoliberal economic policymaking in Britain and the USA, as well as the limitations of the concept, which provides a foundation for the remainder of the lecture series.

Required Readings:


Additional Readings:

Lecture 2: Comparative Political Economy and The Varieties of Capitalism

This lecture outlines the Comparative Political Economy approach to examining advanced economies, which has come to be dominated by Hall and Soskice’s ‘Varieties of Capitalism’ (VOC) framework. The key arguments and typologies of the VOC framework are critically examined and alternative approaches to studying Comparative Political Economy are also reviewed. The lecture then outlines the main conceptual challenge of the module by reflecting on the suitability of the UK and the US as exemplars of a particular, comparatively distinctive, orientation of capitalism.

Required Readings:


Additional Readings:

SCHMIDT, V. A. 2009. Putting the political back into political economy by bringing the state back in yet again. World Politics, 61, 516-546.
Lecture 3: Welfare State Transformation in Britain and the USA

From a Comparative Political Economy perspective, different welfare state structures provide important insights into the specific characteristics of national forms of capitalism, particularly the balance between the market and the state. However, the scope and function of different national welfare state structures is a deeply contested issue. This lecture explores the particular welfare state forms in the UK and the US, starting with a review of different theoretical perspectives on the political economy of welfare state expansion and retrenchment. We then interrogate areas of convergence and divergence between the two welfare states, especially the post-1990s shift towards asset-based welfare based on private homeownership and personal indebtedness.

Required Readings:


Additional Readings:

Lecture 4: Anglo-American Financialisation

The rise of the financial sector, often termed financialisation, is one of the major transformations of the global economy since the 1980s. Britain and the USA are considered the two archetypes of a financialised economy, as both have large global financial sectors in the City of London and Wall Street respectively. However, financialisation cannot be reduced to ‘high finance’ operating above other sectors, but rather it has come to permeate other parts of the economy, most notably through the widespread adoption of household debt. We explore the importance of private debt to the British and American economies and how it relates to homeownership to support the development of a specific Anglo-Liberal growth model.

Required Readings:


Additional Readings:

Lecture 5: The Causes and Consequences of the Global Financial Crisis

The 2008 Global Financial Crisis (GFC) has been widely considered one of the major events of the international economy since the Great Depression of the 1930s. The GFC emerged in the US sub-prime mortgage market and quickly spread to other countries, with the UK particularly effected. Although the GFC is often considered a crisis of and within Anglo-American capitalism, the US and UK experiences of the crisis, and the respective government policy responses to the crisis are distinct. In this lecture, we examine the similarities and differences in the British and US experiences of the crisis, as well as the ‘austerity’ policy responses implemented in its aftermath.

Required Readings:


Additional Readings:

THOMPSON, H. 2012. The Limits of Blaming Neo-Liberalism: Fannie Mae and Freddie Mac, the American State and the Financial Crisis, New Political Economy, 17, 399-419
Lecture 6: The Political Economy of Income Inequality in Britain and the USA

Britain and the USA are considered to be two of the most unequal advanced economies in the world, and in 2013, US President Barack Obama declared inequality as 'the defining challenge of our time'. In this lecture, we explore the neoclassical explanations of rising inequality, which can largely be reduced to skill-biased technological change, globalisation and the rise of labour market flexibility. However, we go beyond this to examine more structural issues, such as the role of the financial sector, which has been shown to increase inequality in both the US and UK more so than in non-Anglosphere economies.

Required Readings:


Additional Readings:

General Readings on Political Economy:


General Readings for Each Case:


General Readings on the Comparative Method: