

---

## Comparative Political Economy

---

**Course Convenor:** Dr James Wood

**Email:** [jdw82@cam.ac.uk](mailto:jdw82@cam.ac.uk)

**Office:** T3, Trinity Hall, Cambridge CB2 1TJ

**Office Hours:** Email to arrange an appointment

**Teaching Pattern:** One weekly two-hour seminar on Fridays at 11:00am

**Venue:** TBC.

### Module Outline

This module introduces students to the key concepts, theories and issues in the comparative study of advanced capitalist states. The module provides students with concrete knowledge of such variations in key areas of economic policy making and their different economic, political and social outcomes. The course begins with a critical assessment of the Varieties of Capitalism framework, which is widely considered one of the most important means of comparing advanced economies. The remainder of the course explores the validity of the Varieties of Capitalism framework by examining several of the most important areas of economic policy making, how they differ between states, as well as their socio-political consequences. The key areas of economic policy making examined are: international labour markets; corporate governance; financialisation; the welfare state and macroeconomic growth models. The module will conclude with a critical investigation of the extent to which there has been a general convergence on a single neoliberal vision of capitalism. The aim of this module is to give students the tools to identify the diversity of different economies, as well as develop an understanding the causes and consequences of such diversity, by immersing them in key debates in Comparative Political Economy.

### Learning Outcomes

By the end of the module the students will be able to demonstrate intellectual, transferable and practical skills appropriate to level 6 modules and in particular will be able to:

- Demonstrate knowledge of key concepts, theories and issues in the study of comparative political economy;
- Demonstrate the ability to critically assess similarities and differences in key areas of economic policy making within and between capitalisms;
- Critically assess the strengths and limitations of key analytical approaches;
- Effectively communicate information and argument in oral and written forms

### Course Structure

The course will consist of seven weekly two-hour seminars. Students will be expected to have completed the required readings in advance of each seminar. The purpose of the seminars is to have a student-led discussion of the assigned readings each week, which will be oriented around the set question listed in this guide. A discussion of the readings is only possible if students have prepared appropriately by doing the required

reading. Student participation in the seminar discussion, though not formally assessed, is an essential part of your academic performance. Seminar participation is the principal opportunity for students to receive feedback on their understanding of the readings, which will be used to answer questions in the formal assessment. Therefore, prepare well for each seminar and be as active as possible. Seminars also provide spaces where you can raise questions or lines of debate with your peers and the module convenor, so make the most of them. **Seminar attendance and presentations are mandatory. A failure to meet these obligations may be regarded as lack of due industry.** If for any reason you cannot make a seminar, be sure to contact the module convenor in advance.

## Evaluation

There is only one formal assessment for the module, and this consists of a 3,000 word essay. The submission date is still to be confirmed. Each student will also give a class presentation as part of a group, and the presentation questions are the same as the set seminar question pertaining to each topic.

## Readings

Readings are divided into two categories: *required* and *recommended*. Required readings should be analysed by all students prior to each seminar, whilst the recommended readings provide additional material that should be covered in presentations and essays. Below are some important general readings for the course.

## General Readings

BACCARO, L. & HOWELL, C. 2017. Trajectories of Neoliberal Transformation: European Industrial Relations Since the 1970s. Cambridge University Press.

BERAMENDI et al. 2015. The Politics of Advanced Capitalism. Cambridge, Cambridge University Press.

CLIFT, B. 2014. Comparative Political Economy: States, Markets and Global Capitalism. Basingstoke, Palgrave MacMillan. (Second Edition).

HALL, P. A. & SOSKICE, D. W. 2001. Varieties of capitalism: the institutional foundations of comparative advantage, Oxford, Oxford University Press.

HANCKÉ, B. 2009. Debating Varieties of Capitalism: a reader. Oxford, OUP.

## Seminar Schedule

Seminar 1: The Varieties of Capitalism

Seminar 2: International Labour Markets

Seminar 3: Corporate Governance

Seminar 4: Financialisation

Seminar 5: Comparative Welfare State Structures

Seminar 6: CPE and the Growth Model Perspective

Seminar 7: Convergence or Divergence?

## **Topics and Readings:**

### **Seminar 1: The Varieties of Capitalism**

This session outlines the Comparative Political Economy approach to examining advanced economies, which has come to be dominated by Hall and Soskice's seminal 'Varieties of Capitalism' (VoC) framework. The key arguments and typologies of the VoC framework are critically examined, which provides a platform for comparing different aspects of advanced economies throughout the remainder of the module.

### **Seminar Question:**

Critically assess the extent to which the Varieties of Capitalism provide a compelling means of comparing advanced economies.

### **Required Readings (Total Pages 78):**

1. HALL, P. A. & SOSKICE, D. W. 2001. Varieties of capitalism : the institutional foundations of comparative advantage, Oxford, Oxford University Press. (Introduction, pp 1-36)
2. HANCKÉ, B., RHODES, M. & THATCHER, M. 2008. Beyond varieties of capitalism : conflict, contradictions, and complementarities in the European economy. Oxford: Oxford University Press. (Introduction, pp 3-29)
3. HAY, C. 2020. Does capitalism (still) come in varieties?, Review of International Political Economy, 27, 302-319.

### **Recommended Readings:**

AMABLE, B. 2003. The Diversity of Modern Capitalism, Oxford University Press.

BLYTH, M. 2003. Same as it Never Was: Temporality and Typology in the Varieties of Capitalism. Comparative European Politics, 1, 215-225

BRUFF, I. 2011. What about the Elephant in the Room? Varieties of Capitalism, Varieties in Capitalism. New Political Economy, 16, 481-500.

COATES, D. 2005. Varieties of capitalism, varieties of approaches. Palgrave.

GOODIN, R. E. 2003. Choose Your Capitalism? Comparative European Politics, 1, 203-213.

HALL, P. A. & GINGERICH, D. W. 2009. Varieties of Capitalism and Institutional Complementarities in the Political Economy: An Empirical Analysis. British Journal of Political Science, 39, 449-482.

HALL, P. A. & SOSKICE, D. 2003. Varieties of capitalism and institutional change: A response to three critics. Comparative European Politics, 1, 241-250.

HANCKÉ, B. 2009. Debating 'Varieties of capitalism' : a reader, Oxford, Oxford University Press.

JACKSON, G., & DEEG, R. 2006. How Many Varieties of Capitalism? Comparing the Comparative Institutional Analyses of Capitalist Diversity. MPIfG WP 06/2.

MOLINA, Ó. & RHODES, M. 2007. The Political Economy of Adjustment in Mixed Market Economies: A Study of Spain and Italy. In: HANCKE, B., RHODES, M. & THATCHER, M. (eds.) Beyond Varieties of Capitalism. Oxford, OUP.

PECK, J. & THEODORE, N. 2007. Variegated capitalism, Progress in Human Geography, 31, 731-772.

## **Seminar 2: International Labour Markets**

Labour markets are a key arena for CPE analyses, as they allow for the identification of important structural changes that have seen various forms of increasing polarisation. This session examines some of the most salient trends in international labour markets, including the decline in trade unionism, dualization, as well as gender inequalities. We also examine how a CPE analysis of labour markets can help identify areas of convergence and divergence between international labour markets, potentially offering concrete policy solutions to important labour issues.

### **Seminar Question:**

To what extent have international labour markets converged towards a neoliberal ideal?

### **Required Readings (Total Pages: 89):**

1. BACCARO, L. & HOWELL, C. 2011. A Common Neoliberal Trajectory: The Transformation of Industrial Relations in Advanced Capitalism. *Politics & Society*, 39, 521-563.
2. ESTÉVEZ-ABE, M. 2005. Gender bias in skills and social policies. *Social Politics*, 12, 180-215.
3. RUEDA, D. & WILBBELS, E. & ALTAMIRANO, M. 2015. The Origins of Dualism. In: BERAMENDI et al. *The Politics of Advanced Capitalism*. Cambridge, Cambridge University Press. (Chapter 3, pp. 89-111).

### **Recommended Readings:**

- AIDT, T.S. & TZANNATOS, Z. 2008. Trade unions, collective bargaining and macroeconomic performance. *Industrial Relations Journal*, 39, 258-295.
- CHARLES, M. 2005. National Skill Regimes, Postindustrialism, and Sex Segregation. *Social Politics*, 12, 289–316.
- FELDMANN, M. 2006. Emerging Varieties of Capitalism in Transition Countries Industrial Relations and Wage Bargaining in Estonia and Slovenia, *Comparative Political Studies*, Vol. 39, No. 7, pp. 829-854.
- HUBER, E., HUO, J., STEPHENS, J. D. 2019. Power, policy, and top income shares, *Socio-Economic Review*, 17, 231–253.
- IVERSEN, T. & SOSKICE, D. 2015. Democratic Limits to Redistribution: Inclusionary versus Exclusionary Coalitions, *World Politics*, 67, 185–225.
- MICHELOTTI, M. & NYLAND, C. 2008. Varieties of Capitalism and Diversity in Labour Standards Regulation: The Case of Italy, *European Journal of Industrial Relations*, 14, 177–195.
- RUBERY, J. 2009. How gendering the varieties of capitalism requires a wider lens. *Social Politics*, 16, 192-203.
- STOLEROFF, A. 2013. Employment Relations and Unions in Public Administration in Portugal and Spain: From Reform to Austerity. *European Journal of Industrial Relations*, 19, 309-323.
- WALBY, S., GOTTFRIED, H., GOTTSCHALL, K. & OSAWA, M. 2006. *Gendering the Knowledge Economy: Comparative Perspectives*. London, Springer

## **Seminar 3: Corporate Governance**

Corporate governance may seem a potentially dreary topic to examine, but the way firms are internally organised has significant consequences for the wider political economy of advanced states. In this session we outline the two main forms of corporate governance, which sees firms oriented around either shareholders or stakeholders. We then use a comparative analysis to critically assess the merits of both systems and identify changes in corporate governance structures.

### **Seminar Question:**

To what extent have national-level changes in corporate governance influenced the wider political economy those states?

### **Required Readings (Total Pages: 79):**

1. VITOLS, S. 2001. Varieties of Corporate Governance: Comparing Germany and the UK. In: HALL, P. A. & SOSKICE, D. W. (eds): Varieties of capitalism : the institutional foundations of comparative advantage, Oxford, Oxford University Press. (Chapter 10, pp. 337-360)
2. DEEG, R. 2009. The rise of internal capitalist diversity? Changing patterns of finance and corporate governance in Europe, *Economy and Society*, 38, 552-579.
3. CALLAGHAN, H. 2009. Insiders, Outsiders, and the Politics of Corporate Governance: How Ownership Structure Shapes Party Positions in Britain, Germany, and France, *Comparative Political Studies*, 42, pp. 733–762.

### **Recommended Readings:**

- CALLAGHAN, H. & HÖPNER, M., 2005. European integration and the clash of capitalisms: Political cleavages over takeover liberalization. *Comparative European Politics*, 3, 307-332.
- CIOFFI, J. W. & HÖPNER, M. 2006. The Political Paradox of Finance Capitalism: Interests, Preferences, and Center-Left Party Politics in Corporate Governance Reform. *Politics & Society*, 34, 463-502.
- CLIFT, B. 2009. The Second Time as Farce? The EU Takeover Directive, the Clash of Capitalisms and the Hamstrung Harmonization of European (and French) Corporate Governance. *Journal of Common Market Studies*, 47: 55-79.
- GOUREVITCH, P. A. & SHINN, J. 2005. Political Power and Corporate Control: The New Global Politics of Corporate Governance. Princeton, Princeton University Press. (Chapters 1-2, pp. 1-26).
- GOYER, M. 2006. Varieties of Institutional Investors and National Models of Capitalism: The Transformation of Corporate Governance in France and Germany. *Politics & Society*, 34, 399, 430.
- JACKSON, G. & THELEN, K. 2015. Stability and Change in CMEs: Corporate Governance and Industrial Relations in Germany and Denmark. In: BERAMENDI et al. *The Politics of Advanced Capitalism*. Cambridge, CUP.
- PAGANO, M., & VOLPIN, P. F. 2005. The Political Economy of Corporate Governance. *The American Economic Review*, 95, 1005-030.

### **Seminar 4: Financialisation**

One of the major criticisms of the Varieties of Capitalism framework is that it does not adequately conceptualise the financial sector, which has risen to prominence since the 1970s due to the wider processes of financialisation. In this session, we go beyond the narrow conception of finance in CPE, which is often reduced just to corporate governance, to examine similarities and differences in banking systems,

### **Seminar Question:**

Using at least two examples to support your argument, critically assess the VoC's conception of the role of the financial sector.

### **Required Readings (Total Pages: 90):**

1. JOHNSTON, A. FULLER, G. W. & REGAN, A. 2020. It Takes Two to Tango: Mortgage markets and rising household debt in Europe, *Review of International Political Economy*.
2. ENGELN, E. & KONINGS, M., 2010. Financial capitalism resurgent: comparative institutionalism and the challenges of financialization. *The Oxford handbook of comparative institutional analysis*, pp.601-624.
3. HARDIE, I., HOWARTH, D., MAXFIELD, S. & VERDUN, A. 2013. Banks and the False Dichotomy in the Comparative Political Economy of Finance. *World Politics*, 65, 691-728.

### **Recommended Readings:**

- CHRISTOPHERS, B. 2012. Anaemic Geographies of Financialisation, *New Political Economy*, 17:3, 271-291.
- CULPEPPER, P. D. 2005. Institutional Change in Contemporary Capitalism: Coordinated Financial Systems since 1990. *World Politics*, 57, 173-199.
- FERNANDEZ, R. & AALBERS, M. B. 2016. Financialization and housing: Between globalization and Varieties of Capitalism. *Competition & Change*, 20, 71-88.
- KRIPPNER, G. 2005. The financialization of the American economy, *Socio-Economic Review*, 3, 173–208.
- MAXFIELD, S. WINECOFF, W.K. & YOUNG, K. L. 2017. An empirical investigation of the financialization convergence hypothesis, *Review of International Political Economy*, 24:6, 1004-1029
- MONTGOMERIE, J. 2006. Giving Credit where it's Due: Public Policy and Household Debt in the United States, the United Kingdom and Canada. *Policy and Society*, 25, 109-141.
- ROBERTS, A. & KWON, R. 2017. Finance, inequality and the varieties of capitalism in post-industrial democracies. *Socio-Economic Review*, 15, 511-538.
- ROSENBLUTH, F. & SCHAAP, R. 2003. The Domestic Politics of Banking Regulation, *International Organization*, 57, 307–336.
- SCHWAN, M. 2017. Which roads lead to Wall Street? The financialization of regions in the European Union. *Comparative European Politics*, 15, 661-683.
- ZWAN, N. 2014. Making sense of financialization. *Socio-Economic Review*, 12, 99-129.

### **Seminar 5: Comparative Welfare State Structures**

From a CPE 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 states is a deeply contested issue, especially due to variations in welfare state retrenchment. This session interrogates areas of convergence and divergence in the welfare states of advanced economies, placing a strong emphasis on the rise of asset-based welfare based on private homeownership.

### Seminar Question:

To what extent can we the shift towards asset-based welfare represent a broader shift in the welfare state structures of advanced economies?

### Required Readings (Total Pages: 71):

1. SCHWARTZ, H. & SEABROOKE, L. 2008. Varieties of Residential Capitalism in the International Political Economy: Old Welfare States and the New Politics of Housing. *Comparative European Politics*, 6, 237-261.
2. ANSELL, B. 2014. The Political Economy of Ownership: Housing Markets and the Welfare State, *American Political Science Review*, 108, pp. 383–402.
3. WIEDEMANN, A. 2021. *Indebted Societies*. Cambridge, Cambridge University Press. (Chapter 3 pp. 57-85).

### Recommended Readings:

- CLIFT, B. 2014. *Comparative Political Economy: States, Markets, and Global Capitalism*. Basingstoke, Palgrave Macmillan. (Chapter 7, pp 257-285)
- ESPING-ANDERSEN, G. 1990. The three worlds of welfare capitalism, Cambridge, Polity. (Chapter 1, pp 9-33)
- JESSOP, B. 1993. Towards a Schumpeterian Workfare State? Preliminary Remarks on Post-Fordist Political Economy. *Studies in Political Economy*, 40, 7-39.
- KEMENY, J. 2005. "The Really Big Trade-Off" between Home Ownership and Welfare: Castles' Evaluation of the 1980 Thesis, and a Reformulation 25 Years on. *Housing, Theory and society*, 22, 59-75.
- MONTGOMERIE, J. & BÜDENBENDER, M. 2015. Round the Houses: Homeownership and Failures of Asset-Based Welfare in the United Kingdom. *New Political Economy*, 20, 386-405.
- MERTENS, D. 2017. Borrowing for social security? Credit, asset-based welfare and the decline of the German savings regime, *Journal of European Social Policy*, 27, 474–490.
- PETERS, J. 2012. Neoliberal convergence in North America and Western Europe: Fiscal austerity, privatization, and public sector reform, *Review of International Political Economy*, 19, 208-235.
- PIERSON, P. 1996. The new politics of the welfare state. *World politics*, 48, 143-179.
- SCHRÖDER, M. 2009. Integrating Welfare and Production Typologies: How Refinements of the Varieties of Capitalism Approach call for a Combination of Welfare Typologies. *Journal of Social Policy*, 38, 19-43.

## **Seminar 6: Comparative Political Economy and the Growth Model Perspective**

Another significant criticism of the Varieties of Capitalism approach is the macroeconomic analysis underpinning it is underdeveloped. This session explores how different schools of thought have attempted to remedy this, and we critically assess the Post-Keynesian growth model perspective to Comparative Political Economy by contrasting it with approaches adopting the New Keynesian Three Equation Model, as well as others who emphasise the macroeconomic role of housing and household debt.

### **Seminar Question:**

Critically assess the macroeconomic framework underpinning the Varieties of Capitalism.

### **Required Readings (Total Pages: 72):**

1. BACCARO, L. & PONTUSSON, J. 2016. Rethinking Comparative Political Economy: The Growth Model Perspective. *Politics & Society*, 44, 175-207.
2. HOPE, D. & SOSKICE, D. 2016. Growth Models, Varieties of Capitalism, and Macroeconomics. *Politics & Society*, 44, 209-226.
3. BARNES, L. 2016. Private Debt and the Anglo-Liberal Growth Model. *Government and Opposition*, 51, 529-552.

### **Recommended Readings:**

- FRANESE, R. J. 2012. *Macroeconomic policies of developed democracies*. Cambridge, Cambridge University Press.
- HAY, C. 2011. Pathology Without Crisis? The Strange Demise of the Anglo-Liberal Growth Model. *Government and Opposition*, 46, 1–31.
- IVERSEN, T & SOSKICE, D. 2006. New Macroeconomics and Political Science, *Annual Review of Political Science*, 9, 425-453.
- KALECKI, M. 1971. *Selected Essays on the Dynamics of the Capitalist Economy*, Cambridge University Press, Cambridge.
- PALLEY, T. I. 2017. Wage- vs. profit-led growth: the role of the distribution of wages in determining regime character, *Cambridge Journal of Economics*, 41, 49–61.
- SCHWARTZ, H. M. & TRANØY, B. S. 2019. Thinking about Thinking about Comparative Political Economy: From Macro to Micro and Back. *Politics & Society*, 47, 23-54.
- SOSKICE, D. W. 2007. Macroeconomics and Varieties of Capitalism. In: HANCKÉ, B., RHODES, M. & THATCHER, M. (eds.) *Beyond Varieties of Capitalism*. Oxford: Oxford University Press.
- STOCKHAMMER, E. 2016. Neoliberal growth models, monetary union and the Euro crisis. A post-Keynesian perspective. *New Political Economy*. 21, 365–379.
- WOOD, J. D. G. 2019. Mortgage Credit: Denmark's Financial Capacity Building Regime. *New Political Economy*, 24, 833-850.
- WOOD, J. D. G. & STOCKHAMMER, E. 2020. House Prices, Private Debt and the Macroeconomics of Comparative Political Economy. *Post-Keynesian Economics Society Working Paper 2005*. 1-32.



## **Seminar 7: Convergence or Divergence?**

As we have explored throughout this module, advanced democratic states have undergone a series of structural changes since the 1970s. This broader transformation has coincided with the increased adoption of neoliberal policies in advanced economies, leading scholars to suggest there has been a general convergence towards a single vision of liberal capitalism. However, there are different areas and extents of convergence, which raises legitimate questions regarding the extent of such convergence. This forms the core of the debate that will be critically assessed in this final session.

### **Seminar Question:**

To what extent does a CPE analysis support the idea of a generalisable convergence towards a single model of capitalism in advanced economies?

### **Required Readings (Total Pages: 79):**

1. BACCARO, L. & HOWELL, C. 2017. Arguing for Neoliberal Convergence. In: *Trajectories of Neoliberal Transformation: European Industrial Relations Since the 1970s*. Cambridge: Cambridge University Press. (Chapter 2, pp. 6–25).
2. HAY, C. 2004. Common trajectories, variable paces, divergent outcomes? Models of European capitalism under conditions of complex economic interdependence, *Review of International Political Economy*, 11, 231-262
3. STREEK, W. 2011. E pluribus unum? Varieties and commonalities of capitalism. In: GRANOVETTER, M. S. & SWEDBERG, R. (eds): *The Sociology of Economic Life*. London: Routledge. (Chapter 22, pp. 419-448)

### **Recommended Readings:**

- BOYER, R. 2005. How and why capitalisms differ. *Economy and Society*, 34, 509–557.
- BOYER, R. 2018. Do Globalization, Deregulation and Financialization Imply a Convergence of Contemporary Capitalisms? INCAS DP 9.
- DEEG, R. & JACKSON, G. 2007. Towards a more dynamic theory of capitalist variety, *Socio-Economic Review*, 5, 149–179.
- JACKSON, G. & DEEG, R. 2012. The long-term trajectories of institutional change in European capitalism, *Journal of European Public Policy*, 19, 1109-1125.
- HAY, C. 2004. Re-Stating Politics, Re-Politicising the State: Neo-liberalism, Economic Imperatives and the Rise of the Competition State. *The Political Quarterly*, 75: 38-50
- HOWELL, C. 2003. Varieties of Capitalism: And Then There Was One? *Comparative Politics*, 36, 103-24.
- SCHNEIDER, M.R. & PAUNESCU, M. 2012. Changing varieties of capitalism and revealed comparative advantages from 1990 to 2005: A test of the Hall and Soskice claims. *Socio-Economic Review*, 10, 731-753.
- THELEN, K. 2012. Varieties of Capitalism: Trajectories of Liberalisation and the New Politics of Social Solidarity, *Annual Review of Political Science*, 15, 137-159.
- WOOD, G. T. & ALLEN, M. M. 2020. Comparing Capitalisms: Debates, Controversies and Future Directions', *Sociology*