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

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Paper 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 economic and political instability.

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, systems of financialisation and the Anglo-liberal growth model, the Global Financial Crisis, and the populist political instability that has characterised the post-crisis years. We also explore the COVID responses of both countries and the subsequent rise of inflation. Both of which offered strong challenges to the continuity of Anglo-American neoliberalism. As such, by the end of the course, students will have 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.

Supervisions

There are two supervisions associated with this portion of the POL4 paper. Depending on which group you are allocated to the supervisions will either both take place in Michaelmas term, or there will be one supervision at the end of Michaelmas term and one at the start of Lent term. **Although there are two essay questions set for the paper, students may elect to submit a detailed essay plan for one of the two supervisions if they wish to manage their workloads.**

Supervision questions:

1. 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.
2. What explains the post-crisis rise of political instability in the US and the UK?

Separate supervision guides will be distributed to students before each supervision. These will provide an overview of some potential different lines of argumentation students may wish to take for each question. However, students should not feel constrained by this, and are free to pursue other arguments they identify in the readings if they are more closely aligned with their own interests.

Supervision Work Feedback

Providing feedback on unmarked work is an important part of supporting student's university education. Pedagogical research has demonstrated that active student participation in the feedback process is the most productive way for them to receive feedback on their formative work. As such, when submitting each essay or essay plan, students are asked to complete a short coversheet indicating the areas in which they felt confident with their work, and areas where they feel they would appreciate some guidance. The coversheet will be sent to students with the supervision guides. This should only take a few additional minutes when submitting the essay, but it will help me to provide targeted feedback where students feel it is most useful.

Lectures and Reading List

The lectures for this paper are there to provide an overview of the Comparative Political Economy of the US and the UK, broadly introduce students to key topics and frame key debates in the literature. There are six lectures on the course, which are summarised in the following pages. Each lecture has a reading list associated with it, which looks rather daunting. However, it is important to note that **students are not expected to complete the readings for each lecture**. The reading list is more of a general reference resource for students writing an essay on a particular topic. An engagement with the key readings would be considered a minimum for the essays, so do engage with the additional readings if you wish to demonstrate a deeper level of knowledge on each topic in your analysis.

The University has provided guidance for students on how to read literature critically, and how to target your reading to make it more manageable in terms of time. Please use the resources below:

<https://libguides.cam.ac.uk/uqcamguides/skills/critical-read>

Lecture 1: 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.

Key Readings:

1. HALL, P. A. & SOSKICE, D. W. 2001. An Introduction to Varieties of Capitalism. In: HALL, P. A. & SOSKICE, D. W. 2001 (eds.) *Varieties of capitalism : the institutional foundations of comparative advantage*, Oxford, Oxford University Press. (pp 1-36)
2. MAZZUCATO, M. 2017. *The entrepreneurial state : debunking public vs. private sector myths*, London, Allen Lane. (Chapters 4 and/or 5).
3. COATES, D. 2014. The UK: Less a liberal market economy, more a post-imperial one. *Capital & Class*, 38, 171-182.

Additional Readings:

- BOHLE, D. & GRESKOVITS, B. 2009. Varieties of Capitalism and Capitalism « tout court », *European Journal of Sociology*, 50, 355–386
- BOYER, R. 2005. How and why capitalisms differ. *Economy & Society*, 34, 509–557.
- BRUFF, I. 2011. What about the Elephant in the Room? *Varieties of Capitalism, Varieties in Capitalism. New Political Economy*, 16, 481-500.
- CLIFT, B. 2014. *Comparative Political Economy: States, Markets, and Global Capitalism*. Basingstoke, Palgrave Macmillan. (Chapter 9, pp 199-229).
- COATES, D. 2005. *Varieties of capitalism, varieties of approaches*. Basingstoke: Palgrave Macmillan.
- 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, RHODES, M. & THATCHER, M. 2007. *Beyond Varieties of Capitalism*: Oxford: Oxford University Press (pp 3-39).
- HANCKÉ, B. 2009. *Debating 'Varieties of capitalism': a reader*, Oxford, Oxford University Press.
- HAY, C. 2020. Does capitalism (still) come in varieties? *Review of International Political Economy*, 27:2, 302-319.
- SCHMIDT, V. A. 2009. Putting the political back into political economy by bringing the state back in yet again. *World Politics*, 61, 516-546.
- STREECK, W. 2011. E pluribus unum? Varieties and commonalities of capitalism. *The sociology of economic life*, 3, 419-455.
- THELEN, K. 2012. Varieties of Capitalism: Trajectories of Liberalization and the New Politics of Social Solidarity. *Annual Review of Political Science*, 15, 137-159.

Lecture 2: 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.

Key Readings:

1. KING, D., & WOOD, S. 1999. The political economy of neoliberalism: Britain and the United States in the 1980s. In KITSCHOLT, H. et al. (eds) *Continuity and change in contemporary capitalism*. Cambridge: Cambridge University Press. 371-397.
2. HAY, C. 1996. Narrating Crisis: The Discursive Construction of the 'Winter of Discontent', *Sociology*, 30(2), 253–277.
3. BLYTH, M. 2002. *Great transformations*, Cambridge, Cambridge University Press (Chapter 6, pp. 152-201).

Additional Readings:

- CAMPBELL, J. L. & PEDERSEN, O. K. 2015. Policy ideas, knowledge regimes and comparative political economy, *Socio-Economic Review*, 13, 679–701 (Read pages relevant to US case only).
- CROUCH, C. 2011. *The Strange Non-Death of Neoliberalism*. Cambridge, Polity.
- GAMBLE, A. 2001. Neo-liberalism. *Capital & Class*, (75), 127-134.
- HARVEY, D. 2005. *A Brief History of Neoliberalism*. Oxford, Oxford University Press.
- HAY, C. 2004. The normalizing role of rationalist assumptions in the institutional embedding of neoliberalism, *Economy and Society*, 33:4, 500-527
- KRIEGER, J. 1986. *Reagan, Thatcher, and the politics of decline*. New York: Oxford University Press. (Chapters 1 and 8 particularly).
- MUDGE, S.L. 2008. What is neo-liberalism? *Socio-Economic Review*, 6, 703– 731.
- PRASAD, M. 2006. *The politics of free markets: The rise of neoliberal economic policies in Britain, France, Germany, and the United States* (Vol. 19). Chicago: University of Chicago Press. (Chapters 1 and 2 in particular).
- SKIDELSKY, R. 1979. The decline of Keynesian politics. In: CROUCH, C. (ed) *State and Economy in Contemporary Capitalism*. London, Croom Helm. (For an overview of the collapse of Keynesian politics, particularly in the UK context).
- WIDMAIER, W. 2016. The power of economic ideas – through, over and in – political time: the construction, conversion and crisis of the neoliberal order in the US and UK, *Journal of European Public Policy*, 23, 338-356.
- WEIR, M. 1983. Ideas and Politics: The Acceptance of Keynesianism in Britain and the United States. In: HALL, P. (ed.). *The Political Power of Economic Ideas: Keynesianism Across Nations*. Princeton, Princeton University Press. (Chapter 3, pp. 53-86).

Lecture 3: 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.

Key Readings:

1. GREEN, J. 2016. Anglo-American development, the Euromarkets, and the deeper origins of neoliberal deregulation. *Review of International Studies*, 42, 425-449.
2. KRIPPNER, G. 2005. The financialization of the American economy, *Socio-Economic Review*, 3, 173–208.
3. OREN, T. & BLYTH, M. 2019. From Big Bang to Big Crash: The Early Origins of the UK's Finance-led Growth Model and the Persistence of Bad Policy Ideas, *New Political Economy*, 24, 605-622.

Additional Readings:

- BARNES, L. 2016. Private Debt and the Anglo-Liberal Growth Model. *Government and Opposition*, 51, 529-552.
- CLIFT, B. 2014. Comparative Political Economy: States, Markets, and Global Capitalism. Basingstoke, Palgrave Macmillan. (Chapter 10, pp 230-244)
- CHRISTENSEN, J, SHAXSON, N & WIGAN, D. 2016. The Finance Curse: Britain and the World Economy. *The British Journal of Politics and International Relations*, 18, 255–269.
- DAVIS, G. F. & KIM, S. 2015. Financialization of the Economy. *Annual Review of Sociology*, 41, 203-221.
- DORE, R. 2008. Financialization of the global economy, *Industrial and Corporate Change*, 17, 1097–1112.
- HAY, C. 2013. The Failures of Anglo-Liberal Capitalism. Basingstoke, Palgrave.
- 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.
- SEABROOKE, L. 2006. The Social Sources of Financial Power. London, Cornell University Press. (For the UK, see pp. 54-83; for the US, see pp. 108-141).
- SPARKES, M. & WOOD, J. D. G. 2020. The Political Economy of Household Debt & The Keynesian Policy Paradigm. *New Political Economy*, 1-18.
- WOOD, J. D. G. & STOCKHAMMER, E. 2023. Bringing Households Back In. *Politics & Society*.
- ZWAN, N. 2014. Making sense of financialization. *Socio-Economic Review*, 12, 99-129.

Lecture 4: Austerity and The 2008 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.

Key Readings:

1. CROTTY, J. 2012. The great austerity war: what caused the US deficit crisis and who should pay to fix it? *Cambridge Journal of Economics*, 36, 79–104.
2. HAY, C., 2011. Britain and the global financial crisis: The return of boom and bust. *Developments in British politics*, 9, 238-256.
3. CULPEPPER, P. & REINKE, R. 2014. Structural Power and Bank Bailouts in the United Kingdom and the United States. *Politics & Society*, 42, 427-454

Additional Readings:

- BLYTH, M. 2013. *Austerity: The History of a Dangerous Idea*, Oxford, Oxford University Press.
- CROTTY, J. 2009. Structural causes of the global financial crisis: a critical assessment of the 'new financial architecture', *Cambridge Journal of Economics*, 33, 563–580
- DIAMOND, D. W. & RAJAN, R. G. 2009. The Credit Crisis: Conjectures about Causes and Remedies. *American Economic Review*, 99 (2), 606-610.
- HELLEINER, E. 2011. Understanding the 2007–2008 Global Financial Crisis: Lessons for Scholars of International Political Economy, *Annual Review of Political Science*, 14, 67-87.
- MCGAHEY, R. 2013. The Political Economy of Austerity in the United States. *Social Research*, 80, 717–748.
- MONTGOMERIE, J. 2016. Austerity and the household: The politics of economic storytelling. *British Politics*, 11, 418–437.
- SHIN, H. S. 2009. Reflections on Northern Rock: The Bank Run that Heralded the Global Financial Crisis. *Journal of Economic Perspectives*, 23, 101–119.
- STANLEY, L. 2014. 'We're Reaping What We Sowed': Everyday Crisis Narratives and Acquiescence to the Age of Austerity. *New Political Economy*, 19, 895-917.
- STOCKHAMMER, E. 2015. Rising inequality as a cause of the present crisis. *Cambridge Journal of Economics*. 39 (3), 935–958.
- 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
- THOMPSON, H. 2010. *China and the Mortgaging of America*. Basingstoke, Palgrave MacMillan. (Chapter 5, pp. 99-126).
- TOOZE, A. 2018. *Crashed: How a Decade of Financial Crises Changed the World*. London, Penguin. (Chapters 1-8)

Lecture 5: Post-Crisis Political Instability in the UK & USA

The election of Donald Trump in the USA and Britain's vote to leave the European Union in 2016 are characterised as significant populist movements in both countries. The rise of Anglo-American populism is attributed to voter discontent from the unequal distribution of benefits from structural changes in the global economy, such as globalisation. However, scholars have suggested that globalisation is only one smaller constituent part of the neoliberal policy paradigm. Therefore, in this lecture, we examine the similarities and differences in the post-crisis political environments in Britain and the USA to assess whether populism is a wider movement against market liberalism in both countries.

Key Readings:

1. RODRIK, D. 2018. Populism and the economics of globalization. *Journal of International Business Policy*, 1, 12–33.
2. HOPKIN, J. 2020. *Anti-System Politics: The Crisis of Market Liberalism in Rich Democracies*. Oxford, Oxford University Press. (Chapters 3 and 4, pp 87-152).

Additional Readings:

- ADLER, D. & ANSELL, B. 2020. Housing and populism, *West European Politics*, 43:2, 344-365.
- EDELMAN, M. 2021. Hollowed out Heartland, USA: How capital sacrificed communities and paved the way for authoritarian populism. *Journal of Rural Studies*, 82, 505-517.
- FETZER, T. 2019. Did Austerity Cause Brexit? *American Economic Review*, 109, 3849-86.
- GUSTERSON, H. 2017. From Brexit to Trump: Anthropology and the rise of nationalist populism. *American Ethnologist*, 44, 209-214.
- HOBOLT, S. B. 2016. The Brexit vote: a divided nation, a divided continent, *Journal of European Public Policy*, 23:9, 1259-1277
- HOPKIN, J. 2017. When Polanyi met Farage: Market fundamentalism, economic nationalism, and Britain's exit from the European Union, *The British Journal of Politics and International Relations*, 19, 465–478
- LONERGAN, E. & BLYTH, M. 2020. *Angrynomics*. New York, CUP.
- NORRIS, P. & INGELHART, R. 2019. *Cultural Backlash: Trump, Brexit, and Authoritarian Populism*. Cambridge, Cambridge University Press. (Chapters 10 and 11, pp. 331-398).
- RODRÍGUEZ-POSE, A. 2020. The Rise of Populism and the Revenge of the Places That Don't Matter. *LSE Public Policy Review*, 1(1).
- SCHMIDT, V. A. 2017. Britain-out and Trump-in: a discursive institutionalist analysis of the British referendum on the EU and the US presidential election, *Review of International Political Economy*, 24:2, 248-269.
- STAUFER, S. J. 2021. Donald Trump, Bernie Sanders and the question of populism, *Journal of Political Ideologies*, 26:2, 220-238.
- WOOD, J. D. G. & AUSSERLADSCHEIDER, V. 2020. Populism, Brexit, and the manufactured crisis of British neoliberalism, *Review of International Political Economy*, DOI: 10.1080/09692290.2020.1786435

Lecture 6: The End of Anglo-American Neoliberalism?

COVID-19 and the inflationary pressures felt in its aftermath have brought the greatest challenges to Anglo-American neoliberalism since the 1980s. The hollowing out of social services and an increasing focus on market provision of healthcare gave the US and UK some of the highest death rates from COVID-19 of all advanced economies. Furthermore, the rise of inflation questioned central bank's ability to achieve their mandate and threatened the foundations of the political legitimacy of the neoliberal policy paradigm. This lecture explores how politicians and central bankers in the US and the UK responded to the COVID and inflation crises attempting to restore legitimacy to Anglo-American neoliberalism and maintain the stability of the paradigm.

Key Readings:

1. SAAD-FILHO, A. 2020. From COVID-19 to the end of neoliberalism, *Critical Sociology*, 46: 477–485.
2. WOOD, J. D. G., AUSSERLADSCHEIDER, V. & SPARKES, M. 2023. The manufactured crisis of COVID-Keynesianism in Britain, Germany and the USA. *Cambridge Journal of Regions, Economy and Society*, 16, 19–29.

Additional Readings:

- ARRIETA, T. 2022. Austerity in the United Kingdom and its legacy: Lessons from the COVID-19 pandemic. *The Economic and Labour Relations Review*, 33, 238-255.
- BELL, T. et al. 2022. Inflation Nation. Resolution Foundation Briefing. Available at: <https://www.resolutionfoundation.org/app/uploads/2022/03/Inflation-nation.pdf>
- BERNANKE, B. 2022. 21st Century Monetary Policy. Norton.
- BERNANKE, B. & BLANCHARD, O. 2023. What caused the US pandemic-era inflation? Peterson Institute for International Economics Working Paper 23/4. Available at: <https://www.piie.com/sites/default/files/2023-06/wp23-4.pdf>
- CASTAÑEDA, J. & CONGDON, T. 2020. Inflation: The Next Threat? Institute of Economic Affairs, Briefing 7: June 2020, Available at SSRN: <https://ssrn.com/abstract=3851979> or <http://dx.doi.org/10.2139/ssrn.3851979>
- ÖZGÖDE, O. 2022. The emergence of systemic risk: The Federal Reserve, bailouts, and monetary government at the limits. *Socio-Economic Review*, 20, 2041-2071.
- PARKIN, M. 1975. The Politics of Inflation. *Government and Opposition*, 10, 189-202.
- SCHWARTZ, H. 2008. Housing, Global Finance, and American Hegemony: Building Conservative Politics One Brick at a Time. *Comparative European Politics*, 6, 262–284.
- STORM, S. 2023. Lessons for the Age of Consequences: COVID-19 and the Macroeconomy, *Review of Political Economy*, 35:3, 823-862
- TOOZE, A. 2022. Welcome to the world of the polycrisis. *Financial Times*. Available at: <https://www.ft.com/content/498398e7-11b1-494b-9cd3-6d669dc3de33>
- WALTER, T. & WANSLEBEN, L. 2020. How central bankers learned to love financialization: The Fed, the Bank, and the enlisting of unfettered markets in the conduct of monetary policy. *Socio-Economic Review*, 18, 625-653.
- YAMEY, G. & WENHAM, C. 2020. The U.S. and U.K. Were the Two Best Prepared Nations to Tackle a Pandemic—What Went Wrong? *Time Magazine*. Available at: <https://time.com/5861697/us-uk-failed-coronavirus-response/>

General Readings on Political Economy:

- BERAMENDI, P., HÄUSERMANN, S., KITSCHOLT, H. & KRIESI, H. 2015. *The Politics of Advanced Capitalism*. Cambridge, Cambridge University Press.
- CHANG, J. H. 2014. *Economics: the user's guide*. London: Pelican.
- CLIFT, B. 2014. *Comparative political economy: states, markets and global capitalism*. Basingstoke: Palgrave.
- COATES, D. 2014. *Models of capitalism: Growth and stagnation in the modern era*. Cambridge: Polity.
- MENZ, G. 2017. *Comparative Political Economy*. Oxford, Oxford University Press.

General Readings for Each Case:

- COATES, D. 2018. *Flawed Capitalism: The Anglo-American Condition and Its Resolution*, Newcastle: Agenda Publishing.
- EISNER, M. A. 2013. *The American Political Economy: Institutional Evolution of Market and State*. London: Routledge.
- GAMBLE, A. 1994. *Britain in Decline: Economic Policy, Political Strategy and The British State*. Basingstoke, Palgrave Macmillan.
- GAMBLE, A. 2009. *The Spectre at the Feast*. Basingstoke, Palgrave.
- HAY, C. 2013. *The Failure of Anglo-liberal Capitalism*, Basingstoke: Palgrave Macmillan.
- KRIPPNER, G. 2011. *Capitalizing on Crisis: The Political Origins of the Rise of Finance*. Cambridge, Harvard University Press.

General Readings on the Comparative Method:

- CLIFT, B. 2014. *Comparative political economy: states, markets and global capitalism*. Basingstoke: Palgrave. (Chapter 12).
- COLLIER, D. 1993. *The comparative method*. *Political Science: The State of Discipline II*, Ada W. Finifter (ed.), American Political Science Association.
- LIJPHART, A. 1971. *Comparative politics and the comparative method*. *American Political Science Review*, 65, 682-693.
- MCCORMICK, J., HAGUE, R. & HARROP, M. 2019. *Comparative Government and Politics*. Basingstoke, MacMillan International. (Chapter 3).
- PRZEWORSKI, A. & TEUNE, H. 1970. *The logic of comparative social inquiry*, New York, Wiley-Interscience.