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 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.

**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/ugcamguides/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:


Additional Readings:

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:


Additional Readings:

HAY, C. 2004. The normalizing role of rationalist assumptions in the institutional embedding of neoliberalism, Economy and Society, 33:4, 500-527
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:


Additional Readings:

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 affected. 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:


Additional Readings:

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.
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 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:


Additional Readings:

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:


Additional Readings:


TOOZE, A. 2022. Welcome to the world of the polycrisis. Financial Times. Available at: https://www.ft.com/content/498398e7-11b1-494b-9cd3-6d669dc3de33


General Readings on Political Economy:


General Readings for Each Case:


General Readings on the Comparative Method: