

THATCHERISM: THE IDEOLOGY AND THE LEADER 1979-1990

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RÉSUMÉ

This paper introduces the unique of twentieth century Prime Ministers who her name has been given to a doctrine: Thatcherism. It also investigates the different interpretations and explanations given by different intellectuals and British political leaders to the doctrine and her objectives.

Moreover, an attempt to unfold the impact of Thatcher's government on the British policy will be made, as well as an examination of the record of her policy implemented in the noteworthy fields: welfare state, privatisation, economy and foreign policy.

Furthermore, light will be shed also on an issue that has a great importance to the understanding of Thatcher's views: "The Consensus Politics" on which the British Political System was based before Thatcher's access to power and try to figure out how she made an end to it and what had it costed her and her party for having broken this basis.

ملخص

تهدف هذه الدراسة إلى تحليل ما قامت به حكومة "ثاتشر" في الفترة من 1979/1990 بما يتعلق بالشؤون الاجتماعية، الخصوصية، الاقتصاد، والسياسة الخارجية. وكذلك إلقاء الضوء على ما كان يعتبر مهما جدا وهو "سياسة التفاهم" "The Consensus Politics" والتي اعتمدت عليها بريطانيا قبل مجيء "ثاتشر".

هذه الأخيرة أنهت هاتمة السياسة فور استلامها الحكم. وسنتطرق من خلال هذه الدراسة إلى النتائج المترتبة على السياسة الجديدة التي اتبعت مع مجيء "ثاتشر".

Margaret Thatcher was the first woman Prime Minister in any major Western industrial state, the first leader since Lord Liverpool in 1820 to win three elections in a row and Prime Minister for the longest uninterrupted spell in the 20th century. Thatcher is a graduate of Somerville College, Oxford, with a Master of Arts degree from the University of Oxford. She worked as a research chemist and banister, concentrating on tax law, before being elected to the House of Commons in 1953. She held several Ministerial appointments including education Minister from 1970 to 1974. Elected leader of her party in 1975, she became Prime Minister in 1979.

The unique of twentieth century Prime Ministers who her name has been given to a doctrine: Thatcherism, her role in alternating the political balance in the conservative party and directing the government has been so important that she merits discussion in her own right. This lady provided a mobilising style of political leadership. Her image, as a confrontational politician, stems from her conviction that British politics had become an important and even a decisive battle of ideas. She is one of the few politicians who took pride in stating the political convictions and insist that policies should derive from a coherent set of principles since "without such starting", as she said, "the leader is at the mercy of events and unlikely to produce coherent policies"¹. The literature on her as a political leader is now immense, she has been the subject of at least a dozen of biographies by 1988. Another dozen studies were available for the tenth anniversary of her premiership in May 1989. Publishers eagerly snap up books on the lady and all her works usually ensure that her name dominates the title page.

Through this attempt to unfold the impact of Thatcher's government on the British policy, we will examine the record of her policy implemented in the noteworthy fields: welfare state, privatisation, economy and foreign policy. We shall also throw light on an issue that has a great importance to the understanding of

¹ D. Kavanagh, Thatcherism and British Politics, (Oxford University Press, 1990) p.33.

Thatcher's views: "The Consensus Politics" on which the British Political System was based before Thatcher's access to power and try to figure out what had it costed her and her party for having broken this basis.

I: Thatcher Experiment and Consensus.

We usually take care in analysing politicians' rhetoric whose speeches are made for different occasions, for different purposes and for different audiences, however, a reader of Mrs Thatcher's speeches does not need to be so careful because she is what she says she is.¹

In coming to power in 1979, Mrs Thatcher made no secret of her determination to break with what "the Times" called "The Clubbable Consensus" that is compromise through political clubs. She replied to criticisms that Edward Heath addressed to her in the following word: "For me, consensus seems to be the process of abandoning all beliefs, principles, values and policies." The liberal leader, David Steel told the House of Commons on January, 31st, 1985: "I believe in the politics of persuasion while she believes in confrontation"².

The Consensus Politics is not an ideal term because it can be used in so many ways. All post-war governments shared, to a large extent, a set of policies and values that can be spoken of as "agreements by deliberation" or "Conscious Bipartisanship"³. But when we talk about consensus in Britain, we put in our minds one or all the following:

*A high level of agreement across political parties about the substance of public policy. In the United Kingdom there were many areas where this has been the case, namely: defence, foreign affairs, regional policy, and Northern Ireland.

¹ Ibid., p.174.

² P. Jenkins, *Mrs Thatcher's Revolution*, (London, Cape, 1987), p.96.

*A high level of agreement between the political parties and government about the nature of the regime or about the rules of the political game.

*The political style by which policy differences are resolved, that is a process of compromise and bargaining and a search of policies which are acceptable to the major interests.

Consensus has also referred to the tendency for a new government to accept its predecessors' legislation even if in opposition has underestimated it. The classic case of this situation is the record of conservative government between 1951 and 1964 which accepted the 1945 labour government programme in public ownership, welfare and the retreat of the empire.

Consequently, we are tempted to conclude that the Consensus Politics provided an atmosphere where disagreement is rarely pushed to a breaking point and the legitimacy of the government is not questioned.

II: Thatcherism

The word "Thatcherism" is used in three different ways; the first refers to Mrs Thatcher's hostility to consensus since she considers politics as a suitable arena for the expression of personal beliefs. A second usage refers to a set of policies designed to produce a strong state and a government strong enough to resist the selfish claims of pressure groups via law and order, traditional moral values and a free economy. A third use of the term highlights the international reaction against high inflation, trade union militancy and unease about the anarchy of the 1970's. Thatcherism is often used interchangeably with "Monetarism" and the "New Right"¹.

¹ D. Kavanagh and P. Morris, *Consensus Politics from Attlee to Thatcher*, (Oxford, Blackwell, 1969), p.185.

One cannot really know what Thatcherism is and what objectives it has as a doctrine, unless he knows on which principles it is based and how can it be implemented in the state management.

In fact, Thatcherism lies on four main planks:

1. The determination to reduce the increase in money supply so that inflation would be squeezed out of the system.
2. The reduction of the public sector and encouragement of "a free market oriented economy". This involves the policies of privatisation of state owned industries and services removing stifling regulations on business and encouraging the sale of council houses.
 1. The government would free the labour market through reforms and encourage responsible trade union practices.
 2. The restoration of the authority of government, that involved the strengthening of the nation's military defence and forces of law and order. For which, significant increases in resources for the armed forces and police, was needed.

"Following these principles", wrote Andrew Gamble in his book: "Britain in Decline", "The government will not cut taxation until it can cut spending. It will not cut spending unless it can completely reshape the welfare state. It will not be able to reshape the welfare state unless it can complete a reform of trade union movement..."¹

Thatcherism main objectives were, then, to reform the welfare state, the taxation policy, order, the trade union movements and many other urgent fields.

¹ R.Skidelsky (ed.) Thatcherism.(London, Chatto and Windus, 1989).,p.126.

III: Thatcherism at work

1. Welfare under Thatcher's rule

The thinking of conservative critics of the welfare state had been coloured by two main influences. One is that the "cradle to grave" provision of welfare state, implicit in the Beveridge proposals, has proved to be too expensive. The Beveridge programme aimed at imposing the same tax on different incomes, which harmed workers with low wages and, thus, pushed the government to spend more money than what was initially expected from the programme. Second, the demand for welfare state has grown faster than the national income. The choice has been either to increase taxes to cover the public spending, which is contrary to the government tax cut policy, or to reduce the scale of welfare provision. The second influence has been the judgement that if the role of the government is too dominant, the values of individual self-reliance are reduced.

Thatcher was aware of the welfare state programmes' popularity with voters, and made, in 1979, election pledges to increase old age pensions and to protect the National Health Services (NHS). In 1980, the government raised various benefits including those for the sick and the unemployed. The treasury concern about the financial consequences of the long term impact of welfare expenditure and a slow growth in economy remained as a hectic necessity. A major worry to Mrs Thatcher and the treasury was the future of the so called "state earning related pensions" which has been established by the Labour Party in 1975. By 1985, nearly half of the working force was in the state scheme and half in private schemes. In 1984, the Social Services Secretary Norman Fowler made a review of Thatcher's achievements in pensions, housing benefits, supplementary benefits, and child benefits. The review appeared in what was called: The

"Green Paper" where Fowler suggested to cut the housing benefits to reduce £500 million annually¹.

Another proposal followed in 1988: the proportions of earnings on which the pension would be based was reduced from 25 to 20 percent. It allowed, for the first time in British welfare policies to reach marginal financial savings. Mrs Thatcher revealed that long term social security spending commitments, like old pensions, were a financial "time bomb" for Britain. She foresaw that by the second and the third decades of the twenty first century, the pension commitments would involve a major burden upon taxpayers unable to carry it.

In health services, spending moved from 14% in 1978-79 to 16% in 1988, what equalled 0,8% from the state total spending. Thatcher government, following its self-help policy, had abolished local authority representation in health services bodies, gave budgets to doctors and linked their salaries to the number of patients they treat. It allowed tax relief for private health services insurance for the over 60's and allowed hospitals the possibility to become self governed.

2. Privatisation under Thatcher's rule

The impact of the Thatcher government's new thinking has most obviously been felt in the privatisation programme which covered both Denationalisation (the sale of state shares in companies) and Liberalisation (the relaxation or abolition of service's monopoly). The 1979, Conservative election manifesto claimed: "The balance of our society has been increasingly tilted in favour of the state at the expense of individual freedom and this election may be our last chance to reverse that process"².

¹ M.Holmes, The Thatcher Government 1979-1983.(London, Wheatsheaf, 1985), p.73.

² D. Kavanagh, Thatcherism and British Politics, (Oxford University Press, 1990) p.67.

Mrs Thatcher believed that the publicly owned industries are inefficient and are an obstacle to the creation of a more dynamic and adaptive economy.

The privatisation programme has been recognised as a major break with the mixed economy and what was remarkable is how little political opposition was towards this process. In spite of the complaints by leaders of the trade unions, they bought up shares. It has been claimed that privatisation policy has far reaching objectives which go beyond the economic benefits. Indeed, one cannot but ask himself: Was privatisation implemented on purely economic grounds or was it politically motivated? Thatcher argued that privatisation had two main benefits on the public sector borrowing requirements: The first is that once a company is privatised, its financial requirements are no longer met by the government. The second is that the companies' financial loans are not computed on the government account. It is, in other words, a way to reduce government paternal care to the public.

Mrs Thatcher applied three main ways of privatisation: In one case the state sold the whole enterprise to private investors. In another case it sold a part of the whole enterprise by reducing its stock in the company, for example, from 51 percent to 46 percent after two years, then to 39 percent and finally to 31 percent. In this case the privatisation can take three to four years. A third aspect was to sell off a proportion of the whole state share and keep only a small one depending on the company's activity¹.

In 1979 the state owned industries accounted for 10.5 percent of GDP and 1/7 of investments while employing some 1.5 million workers. By 1986, thirteen major companies, together with a number of nationalised industries, had been privatised representing over 25 percent of the state owned industrial sector with about 500000 jobs transferred to the private sector².

¹ Ibid., p.82.

² Ibid., p.193.

The privatisation programme had successfully drawn boundaries between the private and public sector to the advantage of the former. Furthermore, this process raised substantial sums of money for the treasury.

3. Thatcherism in economy

Thatcher's major task was finding a solution to the country's economic decline. Conservative leaders thought that curbing the growth in public spending they would reduce taxes and liberate the British people energies. Government would not intervene in the private sector regulations but would regain authority over crucial economic variables by reducing budget deficit and borrowing. Therefore, the state has pursued a policy of the "Invisible Hand" of the market to regulate the working mechanisms of the economy. However, to do so deep changes had to be carried out within British society. Firstly, the British were told neither to expect government to create employment nor to be responsible for Britain's future. Economic growth and high rate of employment are generated by people, wealth is created by entrepreneurs and not government. Under the light of this approach, we will try to see how did the government deal with some economic factors like: inflation, taxes, and employment.

Inflation: reducing inflation was not, until 1989, the government's greatest achievement on the economic front. On the very year when Mrs Thatcher was elected, the national budget increased from 8 to 15 percent due to a rise in VAT on many goods. On the other hand, oil prices increased and there was a remarkable reduction in income taxes. All these helped to push inflation till 21% in 1980. The government implemented what was called "The Medium Term Financial Strategy" aiming at controlling money supply. It had to limit the quantity of notes and coins in circulation and in Banks. Monetarists argued that, as long as government refuses to increase money supply even if unemployment increases, there would be no inflation. By 1982, Britain's inflation fell down to 5% and then

steadily declined to 2.5 % in 1986, the lowest percentage ever reached since 19671.

Taxation: In the 1979 budget reduction of top and income taxes was the first step made by Thatcher's government towards the tax cutting policy. The top taxes were reduced from 83% to 60% and the income tax from 33% to 30%. Sir Geoffrey Howe stated: "Our long term should surely be to reduce the basic rate income tax to no more than 25%. However, as already mentioned, the VAT was at the same time raised to 15%. Also, the treasury revenue was raised by increases in VAT and employers' national insurances. In other words, the reduction in income taxes was compensated largely by the private sector contribution, as insurance on employees and by the raise in VAT:"A tax levied on goods to absorb the surplus of circulating money".Over all total taxation reached 37.6% of the National revenue, a percentage relatively low compared with the previous governments².

Employment: The Thatcher's era has been first dominated by large scale unemployment. The government inherited 1.2 million unemployed. By 1983, unemployment reached nearly 3 million, and frustrated the government spending plans because of the rise in costs of social security. The industrial output fell by over 11% in the course of 1979 to 1983. The main damage was done in the first twelve months when the industrial production fell by 9% and unemployment doubled (From 1.2 to 2.5 million unemployed). But the industrial decline was not the only cause of this striking exacerbation in the unemployment rate. Another reason had pushed it very rapidly: the privatisation of the major companies with the huge insurance taxes that the government imposed on private sector owners on employees, had pushed those owners to keep not only the least number of the most skilful workers, but, also sought to escape paying insurance

¹ A.Walters, Britain's Economic renaissance (Oxford University Press, 1985), P.41.

² Ibid., p.103.

contributions on a big number of them. Thus, they freed a huge number of employees which served in raising unemployment rate¹.

1. Industrial Relations:

In Thatcher's point of view, trade unions are voluntary and free associations which have legitimate purpose in providing insurance and welfare for their members. When, however, they seek to interfere in the market and to influence the attitudes and behaviour of employees at work, trade unions, cease to be voluntary groups and become coercive forces. The government had proceeded cautiously reducing trade union rights and privileges in a step-by-step approach to avoid a frontal assault. Mrs Thatcher believed firmly that trade unions should be involved neither in politics nor in management. The strategy that she followed was to turn these associations of the working force to her bitter enemies. She reached this goal when she issued the following acts:

1. The 1980 Employment Act which make it an offence for an employed person, or a person who seeks work, to be irreasonably refused a job. If this is proved by a tribunal, the union has to pay a compensation to this person. The act in its literal interpretation seems to have, as an objective, to protect the worker and to reinforce his right to be employed as long as he possesses the required work conditions. Though the mere idea that the union may be seen by a worker as an adversary weakens the strong confidence existing between the trade union and the worker².
2. The 1982 Employment Act which removes immunity from the trade unions and their members if they go on a strike without the consensus of 4/5 of the members. This act tried

¹ D. Kavanagh, Thatcherism and British Politics, (Oxford University Press, 1990), p.149.

² P.Jenkins, Mrs Thatcher's Revolution, (London, Cape, 1987), p.27.

to diminish the unionists rights and privileges. The eighty percent required consensus to go on a strike seems to be unrealistic. Also removing the immunity can frighten those union leaders from acting as rapidly as they used to do before. The best illustrative example was soon seen after the miner's strike of 1984 - 1985. Thatcher, through these acts, proved clearly her determination to protect the working force from such , as she put it: "irresponsible representatives", and step by step many features of the trade unions became unpopular like: the closed shop, unofficial strikes and mass picketing. In the too frequent industrial disputes, the government pursued a "hand-off" policy letting this task to court, contrary to the liberal view which stated that court did not have a useful use in industrial relations. In the first term of Thatcher's premiership, strikes exploded in British Leyland, British steel, British rail and health services, all aiming at removing some ministers. In 1983 water workers and the nation union of mine workers went on a strike against pit closures, but all these strikes ended in failure. Government entered no bargaining and left the whole matter to the competent authorities and through this slighting, Thatcher drew sharp boundaries between the trade unions and the political institution. She told them that no direct bargaining could take place between her and them¹.

IV:THATCHER, PUBLIC OPINION AND FOREIGN AFFAIRS

A major objective of Thatcher's government was to change the public opinion. Mrs Thatcher said that if economics is the means then changing hearts and minds is the goal. In fact, she didn't succeed to change the public opinion or mood, so as a free market policy could never do. She cared to teach the British people what a government

¹ I.Guilmour, Britain Can Work, (Oxford, Martin Robertson, 1983), p.150.

really is, it's role towards the citizens and what duties and rights too far has. In Zurich in 1977 Mrs Thatcher said: "In our philosophy the like of the individual is not to be the servant of state and it's objectives, but to make the best of his talent's and qualities. The sense of being self reliant, of playing a role within a family or owning one's own property, of paying one's way, are parts of the spiritual ballast which maintains responsible citizenship."¹ However , in a country like Britain , the task of the politician is not only to convince the common people but- and probably first- to convince the intellectuals. When we know how delicately any innovation in policy takes place, we, then can consider more the achievements of Mrs Thatcher.

Generally, ideas for a new policy come from many sources: pressure groups, political parties, annual conferences' resolutions and research department experts including universities. In Britain, there is a well established tradition of policy oriented research. Individuals, like Beveridge, were able to point the weaknesses in existing lines of policy and pave the way for social reforms. This is what we call the cycle of politico-academic influence. It usually starts with the findings of scholarly research. The ideas are then supposed to find their way to a wider audience through press, then through parliament and civil services. A first test is then attempted on the public and it is probably done on purpose to see the reaction of the people before the legislative institution. One example of the most known research that changed perceptions of policy makers in poverty and inequality is that of "Tismuss school". It could demonstrate the failures of many existing welfare programmes. By 1970's many researchers followed the same test in education, urban programmes and housing.

We have also to consider the fact that Thatcher is said to be a conservative leader. So she had first to prepare the way for her beliefs and revolutionary changes among her colleagues of the same party.

¹ A. King's Essay 'Margaret Thatcher': The British Prime Miniter. (London, McMillan. 2nd edition, 1985).

The survival of the conservative party till now is in part due to its flexibility about matters of political doctrine. The overwhelming majority of its members believe that politics is not something to be derived from premeditated ideas or an ideology in isolation, but they have to fit the society. The Conservatives combine an attachment to tradition and status with an acceptance of gradual change. Reform may be necessary but it should be gradual, evolutionary and should conform the nature of society where it is supposed to be implemented.

In the nineteenth and twentieth centuries there were many advocates of the market economy and "laissez-faire policy" like Edward Heath for example, as well as defenders of welfare programmes. However, what is sure is that government in the twentieth century carried a strong collectivist or social learning. In other words, Thatcher's doctrine did not find a paved way and she needed to challenge the existing beliefs to impose hers. Once in office, Mrs Thatcher proved to be a firm prime Minister who holds full control of the cabinet. Her cabinet ministers were no longer as they were under Macmillan and Churchill, representatives of different political stands within the conservative party. They are people who must publicly reinforce her convictions. If they disagree they are replaced with more amenable ministers. She could dominate them, because she knew that she commanded a unique respect from British voters to whom she could appeal directly on television. While she has weakened the cabinet, she had made the prime ministers' office more influential showing no willingness to change her policy; insisting on the poll tax, her opposition to a united Germany and her determination to drop sanctions against South Africa. She even opposed sanctions against Iraq. In an interview on the Gulf War, Mrs Thatcher declared: "We could cut off a lot of money flowing to Iraq by cutting out oil. Sanctions are still on Iraq, they haven't worked now [...] The Iraqis took hostages as they retreated, [...] I think something like 500 to 600 of those are still not back at their homes in Kuwait. This is what you

are dealing with, this is the sort of person you have to deal with firmly"¹.

Thatcher's crusade to the Falklands was one of the greatest achievements that added to her popularity. In 1982, she ordered British troops to the Falklands to retake them from Argentina. This time her insistence on renewing the nation's self confidence seemed to be symbolised by an armada achieving what had seemed impossible, sailing eight thousand miles to recapture well defended islands close to hostile shores.

On the international arena, Margaret Thatcher did not develop close relationship with the European leaders. In 1990 her cabinet was divided over issues including the European Community forced her resignation and put an end to her brilliant premiership.

Conclusion

British analysts have concluded that progress is a word that in England has become to mean: That the British now, with curious emotions, move forward by formally approving something of which they remain in private suspicious of. The English culture has had a negative influence on the nation's economic progress. The conservatives' fear from radical reform hindered many serious attempts to curb the economic decline and achieve a coherent political style. The 1980's marked the British politics but more importantly, the British people because the eighties also broke with the previous political lines and coped with modern industrial strategies. Mrs Thatcher came in a period when voters agreed on the need for a revolutionary change and were prepared to accept a leader who would ride roughshod over many of their democratic traditions.

Such a dynamic and autocratic leader could in a decade smash the trade unions militancy, move Britain toward privatisation and

¹ D. Kavanagh, Thatcherism and British Politics, (Oxford University Press, 1990), p.179.

establish a social policy where little is required from the government. As Anthony Sampson wrote: "The personal domination of the Thatcher era will turn out to be a freak of British history."¹ Nevertheless, one has to recognize the revolutionary political, economic, and social changes that Mrs Thatcher was behind. Therefore, consider that this change had significantly empowered her, but drastically weakened her party. In 1992, and in recognition to her commitments and formidable achievements, she was granted entrance to the House of Lords under a new nomination: Baroness Thatcher of Kestenen. But, her party collected the harvest of Thatcherism by witnessing the most humiliating legislative defeat two years later.

¹ Ibid., p.198.

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