

Thatcherism : Ideology and Politics

The new Tory leader interrupted the seminar by reaching into her handbag and hauling out a copy of Hayek's *The Constitution of Liberty* . . . she banged the book on the table and announced, 'This is what we believe.' (Jenkins, 1995: 1)

A Conservative Party led by Margaret Thatcher won, narrowly, the 1979 General Election, ushering in a period of 18 years of Conservative rule. Thatcher had succeeded to the Conservative Party leadership in 1975. The Conservatives had lost two elections in 1974, and under Thatcher the party began a process of policy rethinking. An important influence here was Sir Keith Joseph, in some respects Thatcher's mentor. Thatcher and Joseph founded a Conservative think-tank, the Centre for Policy Studies, in 1975. This became a vehicle for promoting new ideas, or at any rate recycling old ones.

This was a period when 'think-tanks' became important in generating ideas for policy making. The left-inclined Fabian Society, perhaps the oldest think-tank, had been founded in the 1880s. The Institute of Economic Affairs (IEA) had been founded in the 1950s to promote free-market ideas. The founding of new thinktanks became a minor industry in the next few years, with the founding of, amongst others, the right-wing Adam Smith Institute, the centre-right Social Market Foundation, the centre-left Institute for Public Policy Research, and the left-inclined DEMOS (Cockett, 1994).

What was 'Thatcherism'?

In ideological terms it is convenient and conventional to label Mrs Thatcher's politics as 'anti-collectivist' (George and Wilding, 1985) or '*laissez-faire*' (Clarke *et al.*, 1987), in other words, as a manifestation in practical politics and policy making of neo-liberal, free-market liberal or 'New Right' ideology. This involved an attack on, or 'rolling back' of, the role and functions of government and expansion of the role of markets and the private sector. This implied limiting the state's responsibilities for welfare, cutting public spending and, where possible, privatising nationalised industries and other state-owned assets. Economic policy focused on the attempt to control inflation through monetary targeting – so-called 'monetarism'. Controlling inflation took priority over reducing unemployment. Other components of this view included a relative indifference to equality and the outcomes, in terms of inequality, generated by the free market.

However, 'New Right' ideology was or is more complex than that and also included non- or even anti-market elements (Gamble, 1988: 54–60). Together with the free-market liberal component, which might be labelled a 'libertarian' tendency, there is also a traditionalist conservative tendency, which stresses traditional values of family, nation, authority and hierarchy. This tendency was associated with the conservatism of periodicals like the *Salisbury Review* and writers like the philosopher Roger Scruton (Scruton, 1980). Individuals of a 'libertarian' persuasion might be inclined to believe in and support 'doing your own thing' and might accept or

welcome permissiveness in personal behaviour such as drug-taking and the cultivation of alternative lifestyles. This is the individualism of the free market applied to personal life. The traditionalist tendency, on the other hand, would place stress on the importance of the traditional family, would oppose its break-up through easier divorce, and in general would be opposed to the adoption of alternative lifestyles associated, for example, with sexuality. This tendency is to that extent anti-individualist and more 'communitarian', opposed to permissiveness and tolerance in personal relations.

Both tendencies could agree, however, on the need to limit the extent of state involvement in society and both would be accepting of inequality as either 'natural' and inevitable (conservative traditionalist, with its belief in natural hierarchy) or the unintentional outcome of free-market processes which generate wealth that eventually 'trickles down' to benefit the less well-off (free-market liberal or libertarian).

'There is no such thing as society'

'There is no such thing as society', a remark made by Thatcher in a magazine interview (she went on to say that 'there are individuals and their families'), has been taken to encapsulate a fundamental social philosophy underpinning her government's policies. Thatcher obviously did not mean what she literally said. The remark is essentially about the boundaries of individual and social or government responsibility, and Thatcher was saying that individuals and families should do more, government less, a point of view certainly at odds with post-war 'consensus' thinking.

The mainstream view is that Thatcher was a radical innovator who changed the character of British politics and social policy and ended the post-war consensus. On the other hand, there is a view which plays down the radicalism of Thatcher, emphasising either policy continuity or implementation failure (for example, the failure of the Thatcher government's 'monetarist' economic policy). Connections and comparisons may be made between the Callaghan-led Labour government of the 1970s and what followed; it can be argued that the unravelling of the consensus began before 1979, with Labour's public spending cuts after 1976, the adoption of a quasi-monetarist economic policy, acceptance of high unemployment levels, and Callaghan's rejection of Keynesian demand-management at his party conference speech in 1976, among other things. On the other hand, it can be said that what Labour in the 1970s did reluctantly, Thatcher-led governments did enthusiastically and with conviction.

During the Conservative governments' first two terms (1979–83, 1983–87) policy was dominated by economic issues, industrial relations and defence and foreign affairs. Social policy change certainly featured in the first two terms, but largely as a dependent variable of public expenditure policy. In Thatcher's third term, from 1987 onwards, public policy switched emphasis away from these to a concern with major welfare state spending programmes and their restructuring (Glennerster *et al.*, 1991; Le Grand and Bartlett, 1993). The Thatcher governments' views were characterised

by hostility to the public sector's alleged 'waste' and 'inefficiency', and a preference for market-type solutions, as well as a desire to control public spending. (Seldon, 1994: 154–155). The term 'new public management' came to be applied to the broad reform agenda. Reform was applied to the NHS, education, housing and social care services. Policy was driven by a concern with efficiency and value for money (Le Grand and Bartlett, 1993).

The Central Policy Review Staff (CPRS), the government's own Cabinet-level think-tank, had conducted a review of long-term expenditure options which appeared in 1982. The report's proposals were radical, suggesting that, given likely assumptions about economic growth and the government's priorities of reducing taxation and public expenditure, much of the welfare state would have to be dismantled and privatised. The government was obliged to disown the report. A Treasury Green Paper on spending options for the next 10 years was subsequently published in 1984. This was more moderate in its conclusions and suggested stabilising public spending in real terms as a share of national income, or alternatively, that it should grow more slowly than the economy. The full neo-liberal programme had thus been ruled out. This might be regarded as exemplifying the triumph of politics over ideology.