

The Thatcher Record

Introduction

Since it was the intention of Thatcher and her supporters to bring fundamental and lasting change to Britain, some attempt must be made to assess both the record and the legacy of the Thatcher governments. Any judgement on this record should take into account both the aims of the government and the impact that policies had on people.

A brief examination of the performance of the Thatcher governments in the areas of the economy, the NHS, defence, law and order, foreign policy and in the world beyond Whitehall should make it possible to answer these questions.

1. The economy

Economic policy under Thatcher focused on five main areas.

A. Inflation

The fight against inflation was successful. From 1961, the rate of inflation in Britain had been higher than average compared to other industrialised countries. But after three years in power, the Conservatives had reduced inflation to a rate comparable to that in other industrialised countries. By 1986, inflation was down to 2.5%. Although it then began to rise again, government policy was altered to ensure that it remained at a low level.

B. Control of public expenditure

Control of public expenditure was seen as a key means of controlling the money supply. Despite their pledges, however, the Thatcher governments were unable to reduce public expenditure. Indeed, overall it rose. Only by 1988-89 had the proportion of public expenditure in relation to GDP fallen back to its 1979 level. Overall public spending grew because some areas were expanded deliberately (eg defence and law and order) whilst other areas expanded as a result of economic strategy (for example, social security expenditure grew massively as a result of a large increase in unemployment). Also, attempts to control public spending were concentrated in a few areas such as housing, support for trade and industry and contributions to Europe. The new aspect of the Thatcher years was not the attempt to control public spending, but the way in which it was targeted.

C. Taxation

Beginning in 1979, income tax rates were cut whilst indirect taxes, such as VAT, were raised. This was a big break with the past. It widened the gap between high and low earners because indirect taxes hit those on small incomes harder than those on high income.

D. Employment

Whilst the maintenance of full employment had been a priority for other governments, this was not the case with the Thatcher governments. High levels of unemployment were tolerated in the hope that this would bring greater economic efficiency. The number of unemployed

people rose from 1,5 million in 1979 to 3,2 million in mid – 1985. It then fell, gradually dipping below 2 million at the start of 1989, but, from late 1989, it began to rise again.

E. Privatisation

A further break with the past was the privatisation programme which began slowly with the government reducing its holding in BP in 1979 and selling off its holding in Cable and Wireless in 1981. The first major sale was that of British Telecom in 1984. This was followed by a rash of sales. Between 1979 and 1990, the government raised £32,9 billion from privatisation.

2. The NHS

Spending on the NHS increased by nearly one third between 1979 and 1990, an increase from 14% to 16% of overall public spending. But, an ageing population and the huge cost of modern medicine meant that a greater increase in spending on the NHS was necessary just to maintain the existing quality of service. The Thatcher governments were less willing than previous governments to accept that ever greater amounts of public money should be spent on health care. In addition, it was whilst Thatcher was still Prime Minister that the review of the NHS began which was to lead to the most fundamental reform of the NHS for a generation. The 1991 health reforms, notably the creation of an internal market within the NHS, marked an important break with the past.

3. Defence

Unlike most governments since 1960, the Thatcher governments increased defence expenditure even when they cut other public spending programmes. Between 1978 and 1986, defence spending increased by 27%. Like previous governments, however, the Thatcher governments developed and maintained Britain's independent nuclear deterrent. In 1983, American Cruise and Pershing missiles were stationed in Britain. Also, Britain's ageing Polaris nuclear weapons system was replaced by the American Trident system.

4. Law and order

Until 1994, when poll evidence suggested that opinion was shifting, the Conservatives were always regarded as the party of law and order – a connection which Margaret Thatcher was keen to develop. For example, the first Thatcher government made the police a priority. Police officers were given a pay rise shortly after the 1979 election. Also, 9,500 officers were recruited in England and Wales between 1979 and 1983 and a process of re-equipment took place. The result was a 20% increase in expenditure on the police between 1979 and 1983. In addition to financial support, the police were given uncritical support by the government during the miners' strike of 1984-85, for example, and criminal justice legislation strengthened the police's position.

5. Foreign policy

The cornerstone of the Thatcher governments' foreign policy was the development of Britain's 'special relationship' with the USA. This was facilitated by the election of Ronald

University of Biskra

Division of English

Course : British Civilisation

Teacher : Mrs. Zerigui

Level : Master one (Civ. &Lit.)

Reagan and then George Bush. Reagan's ideological stance was close to Thatcher's. Also, both agreed that the Soviet Union posed an increasing threat to the West and that a resolute response was needed if this was to be counteracted. Although a special relationship with the USA was not new, the intensity of Thatcher's pro-American stance was remarkable.

A. The European Community

In 1979, the Conservatives were thought to be far more pro-European than labour, but by 1990, the position had been reversed. In the early 1980s, the main government aim was to reduce the size of Britain's contribution to the EC budget. Thatcher made much of the fact that she was able to secure £3 billion in rebates from the EC between 1980 and 1984. In 1986, Thatcher signed the Single European Act. However, in 1988 Jacques Delors' proposals for European monetary and political union were vehemently opposed by Thatcher in her 'Bruges Speech'. This outlined her vision of Europe as a union of sovereign states cooperating together, but preserving their own economic interests and cultural and historical diversity. This was a stance which Thatcher retained until her resignation. It helps to explain her refusal to join the European Exchange Rate Mechanism until October 1990.

B. The Falklands War

According to Thatcher herself, the high point of her career came in the field of foreign policy, namely 'the 11 weeks in the spring of 1982'. She devoted two whole chapters of her memoirs to the Falklands War. Its significance was because: first, it was a military success and helped to erase the memories of the failure of Suez in 1956. Second, it marked a departure from other post-war governments which had been shy of military intervention. Third, the war won prestige for Britain amongst its allies. And fourth, it helped to restore Thatcher's popularity at a time when it had reached an all-time low.

6. Beyond Whitehall

The conflict between local and central government reached a new level during the Thatcher years. On the financial front, the government passed legislation restricting local authorities' freedom to raise money and capping their expenditure. It also introduced the 'poll tax', which was an unpopular new system of local taxation. The key organisational change was the abolition of the Greater London Council (GLC) and the metropolitan counties (all controlled by Labour). The central government argued that the services provided by these bodies could be devolved to lower tier authorities, saving considerable sums of money. One consequence of organisational change was the growth of quangos - unelected bodies with the power to distribute public funds.