THATCHERISM

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- Consensus
- Economic Decline
- Thatcherism
- Thatcher’s Mandate
- Labour Conversion
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- A New Consensus?
Britain by the end of the WWII was economically bad.

It was one of the top three superpowers, behind the United States and the Soviet Union.

The 1945 Labour government was largely responsible for what is called the 'post-war consensus' were Britain would emerged as a model social democracy, combining planning and collectivism with civil liberties.
The major features of domestic politics included:

- Governments accepted a commitment to maintain full employment. Ministers would use their levers, such as cutting taxes and boosting state spending, to increase the level of economic activity.
- Acceptance and some encouragement of the role of the trade unions. Governments recognised and consulted them regularly on workplace relations and economic policy.
- The mixed economy, with a large role for state ownership of the utilities (such as gas, electricity, coal, rail, etc) and intervention and planning in the economy.

Dennis Kavanagh information
The welfare state. The object of the national insurance system and the National Health Service was to provide an adequate income and free health when a family’s income was hit by, for example, sickness, old age, unemployment or death of the main breadwinner. The services were provided out of general taxation, or insurance, and represented social citizenship.

There was a belief that government could play a positive role in promoting greater equality through social engineering, for example, by progressive taxation, redistributive welfare spending, comprehensive schooling and regional policies.
The parties agreed on:

- The transition of the empire to the British Commonwealth.
- Nuclear weapons, (regarded as a mark of being a major power).
- That Britain should join the European Community.
During the 1960s and 1970s, the main parties competed to reverse Britain’s relative economic decline.

Virtually all European countries, except for Britain, had so-called 'economic miracles', primarily because their economy was aid by the United States with their policy of the Marshall Plan. Britain was often described as the 'sick man of Europe'. The targets for blame included:

- Failure to invest in new plant and machinery
- Restrictive working practices and outdated attitudes on the shop floor ('us and them').
- Amateurish management.
- Loss of markets.
- Rise of competition.
Governments of both parties turned to incomes policies as an answer to inflation. They tried to agree a 'norm' for annual wage rises with the unions, but it became a dramatic failure.

- There was an extra importations of the products, rising the inflation.
- International Monetary Fund's 'rescue' in 1976.
The 'Winter of Discontent' in 1979 demonstrate that the government was unable to control and maintain stability to the country and its people, as well as their unions.

There were two responses to this failure. From the right, the new ideas of economists Friedrich Hayek and Milton Friedman - advocating monetarism, a greater scope for markets and limited government - won out over the ideas of the left for more state ownership and protection of industry following a withdrawal from the European Community.

Dennis Kavanagh information
Thatcherism actually evolved as circumstances allowed, and was helped by the failures of the opposition. Because of Labour’s divisions and its left-wing policies.
The fate in the 1980s of the five features of the post-war consensus:

- Trade unions now operated in a tighter legal framework, including: the requirement for pre-strike ballots; the end of the 'closed shop' (union membership as a precondition of employment in a specific industry); and making unions liable for damages incurred in illegal strikes. They were hardly consulted by the government and their influence waned in part because of the abandonment of income policies and rising unemployment.
- The spread of privatisation of the major utilities altered the balance of the mixed economy. Gas, electricity, telephony, British Airways and later British Rail were all privatised. There was also a huge sale to tenants of council housing.
- The government abandoned its commitment to full employment, stating this was the responsibility of employers and employees, and accorded priority instead to keeping inflation low.
- Welfare state benefits were increasingly subject to means-testing.
- Government insisted that it could no longer be a universal provider. More should be left to the market, the voluntary sector and self-help.

Dennis Kavanagh information
The election of 1979 was more of a rejection of Labour than an endorsement of Thatcherism.

The recapture of the Falkland Islands from Argentina in 1982 help to Thatcher’s government as it made her be seen as a stronger leader to claims in domestic politics, improve the public standing of the government and stand up for the nation.
Thatcher was respected but not liked by the British public.

Surveys showed limited support for many of Thatcher’s values. Professor Ivor Crewe’s 'The Crusade that Failed' noted the lack of support for Thatcher’s policies on 'tax-and-spend' and replacing the dependency culture with an enterprise culture. And there was greater approval for a more equal society and for social and collective provision of welfare as against Thatcher's vision of people looking after themselves.
Successive heavy general election defeats gradually convinced Labour to accept much of the new settlement, with successive tranches of Thatcher's policies.

Some of these policies, including sales of cheap shares in privatising utilities, cutting direct taxes, and trade union reforms, were widely popular.

Globalisation ask for national governments to pursue ‘prudent’ economic policies. Labour gradually accepted the need to prioritise economic stability, low inflation and borrowing, and encourage private enterprise.

The decline of the working class and the increasingly middle class electorate was crucial for electoral victory as Britain underwent demographic and economic change.

Dennis Kavanagh information
Britain's relationship with the US remains dominant, as it became important for the issue of going to war.

Thatcher made a strong premiership. Since then, it can be seen that Blair and his successor Gordon Brown have to intervene more directly in the departments of government.

England is becoming more centralised.
Local government has continued its post-1945 decline. In the provision of public services, there are even more constraints on local autonomy via targets and reviews.

For this reason, the journalist Simon Jenkins claims John Major, Tony Blair and Gordon Brown are ‘Sons of Thatcher’.

But the Thatcher era also meant a massive under-investment in infrastructure, particularly railways, roads, schools and universities.

Inequality increased. The winners included much of the corporate sector and the City, and the losers, much of the public sector and manufacturing.
But the convergence of many policies between the parties has occurred in two stages. Firstly Labour accepted the Thatcher settlement. This encompassed:

- Making the control of inflation a priority, but not having income policies.
- Giving a greater role to markets, including privatisation.
- Flexible labour markets, but with a place for the minimum wage and the 'social chapter' (part of the 1991 Maastricht Treaty on European Union relating to workers' rights and other social issues).
- Lower direct rates of tax.
- Means-testing for some welfare benefits.
- Restoring the up-rating of old age pensions and wage rises.

Dennis Kavanagh information
Secondly the Conservatives accepted the Blair settlement. This has involved:

- Accepting the government’s planned public spending totals, notably for health and education.
- Many of Labour's constitutional reforms.
- In effect, the two main parties have accepted a neo-liberal model of policy as a means of coping with the constraints and opportunities of globalisation. Both also accept the need for reform of public services and for greater value for money.
Some of the major social changes over the past 50 years include the loss of empire and of world power status, a weaker sense of collective British identity, an increase in immigration, first from the newer Commonwealth countries and now from new EU states, and the growth of multiculturalism and changes in the balance of the population (the decline of manual work, the increase in the number of women in the workforce and rising numbers of the elderly).

Society has become more individualistic.
London has gained greatly from the globalising economy, while the north remains heavily dependent on public spending for jobs and economic activity.

And despite rising living standards and greater opportunity for many, society has become more 'broken' and an 'underclass' has emerged. Indicators of these trends are divorce, which has increased twentyfold, the prison population, which has increased sevenfold, and the fact that Britain has more births outside marriage and teenage mothers than any other European country.