

# Politics essay: margaret thatcher's domestic reforms

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Which features of Margaret Thatcher's domestic reforms (1979-1990), if any, are still prevalent in present-day Britain?

The echoes of Margaret Thatcher spirit still reverberate in the Conservative-Liberalcoalition. There are key aspects of domestic policy introduced by Margaret Thatcher which retain a profound influence on the politics of today. Underpinning all of the domestic agenda in 1979 and 2010 is the spending cuts and the remarkable parallels between Geoffrey Howe's and George Osborne's budgets. In the coalition government's plans for the privatisation of Royal Mail and their programme for the welfare state distinct parallels can be drawn with the Thatcher government's domestic reforms between 1979 and 1990. On the other hand, there are also distinct areas which have seen the coalition break significantly with Thatcher, most notably in the areas of crime and trade unions. I intend to contrast the new coalition Government's manifesto and record so far with the Thatcher era and elicit how profoundly the domestic reforms initiated by Thatcher are still prevalent today in modern politics across the political divide.

It is no coincidence that Andrew Grice, the political editor of the Independent, wrote an article in the aftermath of the 2010 budget entitled "Has Osborne just completed the Thatcherite Revolution?"[1] The parallels between 1979 and 2010 are irresistible: A dismal economic inheritance from a Labour Party perceived by the Conservatives to be running the country to ruin by attempting to spend their way out of horrendous structural problems in the economy. Although the global economic crisis precipitated by the sub-prime mortgage crisis in America can be distinguished from the sterling crisis which culminated in the loan from the International Monetary Fund in <https://assignbuster.com/politics-essay-margaret-thatchers-domestic-reforms/>

1976[2], the task facing the coalition and how they have tackled the huge budget deficit is reminiscent of Thatcher. This strikingly similar economic approach has provided the forum for Thatcher's domestic policies to flourish once again and find expression in many of the coalition's policies. Referring to 1979, Nigel Lawson, the former Chancellor of the Exchequer in Thatcher's Government and then financial secretary, aptly sums up the task which his party resolved to tackle in 1979 and to make: " a decisive start to the process of reducing the deficit, and to do so entirely by cutting government spending"[3].

The budget deficits in 1979 and 2010 saw the respective Government's advocate a rejection of Keynesianism. Both periods saw a brutal reduction in public spending yet one of the more familiar of Keynes' insights is that during a recession the Government deficit should be increased to create the demand that would reinvigorate the economy. Consequently the ideological parallels adopted by the coalition and by the Thatcher government in cutting the budget deficits have enabled Thatcher's domestic reforms to once again be prevalent in British society. Without such an atmosphere of economic difficulty, it is questionable whether any government with a budget surplus would follow such domestic reforms as privatisation or drastic reform of the welfare state.

Privatisation was, in Peter Riddell's own words, " the jewel in the crown of the Government's legislative programme[4]". Harold Macmillan, in his speech to the Tory Reform Group on 8th November 1985, put it slightly differently: " First of all the Georgian silver goes, and then all the nice

furniture that used to be in the saloon. Then the Canalettos go.”[5] In the decade after Margaret Thatcher came to power about two-fifths of the previously state-owned industries were sold to the private sector. These striking innovations changed the boundaries between the private and the public sector fundamentally. But what is left to privatise?[6]

There is the Royal Mail, which escaped plans to part-privatise it during the Labour government[7], but which has now been targeted by the coalition as being ripe for full privatisation. That both sides of the political divide have expressed a desire to privatise the Royal Mail to some extent is testament to the enduring legacy of privatisation started under Thatcher. As Hugo Young, the Guardian’s former political commentator, remarks: “ the privatizing of productive business will never be reversed”[8].

Indeed the privatisation jewel was not reversed during Tony Blair’s Government and he has been described by Anthony Seldon as not possessing “ the visceral hatred of privatisation of those on the left of his party”[9]. It must be noted that although the attempt in 2009 to part-privatise the Royal Mail was met with a revolt by 120 Labour backbenchers, forcing Lord Mandelson to abandon his plans, the lack of credible bidders for the proposed stake of 30% appears to be the real nail in the coffin. Although the coalition agreement does not explicitly state that the Royal Mail will be privatised, it would appear that the reality of the budget deficit, as Geoffrey Howe realised in 1979, and the need to raise capital has forced the hand of the coalition in privatising the Royal Mail.[10]

A postal services bill is currently making its way through Parliament, having been introduced on the 13th October, received its second reading on the 27th October and having reached the Committee stage on the 9th of November[11]. The four parts of the bill reveal that up to 90% is being sold off but in reality a trade-off is being sought between the Lib-Dem manifesto commitment of 49% part privatisation and the 100% sought by the Conservative party.

The welfare state was also a centrepiece of Margaret Thatcher's domestic reforms. It has been observed that " Mrs Thatcher's social mission was equally clear cut: roll back excessive state activity and bureaucracy and let individuals stand on their own two feet"[12]. Much has been made of the welfare state during this time and perhaps Max Hastings, who argued that the policies during this time were designed to undo the perceived excesses of the 1960s, describes the situation most aptly: " Some of us were increasingly troubled by the absence of concern in the government's policies and rhetoric for the underclass - this, at a time when there were well over three million unemployed."[13]

The welfare state is the natural target for the right wing for two reasons: " First, because it allegedly generates even higher tax levels, budget deficits, disincentives to work and save, and a bloated class of unproductive workers. Second, because it encourages ' soft' attitudes towards crime, immigrants, the idle, the feckless, strikers, the sexually aberrant and so forth."[14] Reitan notes that when Margaret Thatcher came to power she was a vehement critic of the welfare state for two reasons. Firstly she considered it as being

too expensive and wasteful and secondly that it detracted from individual initiative and responsibility[15]. Perhaps one of Thatcher's most enduring policies in this area is the right to buy for council house tenants. Reitan observes that this resulted in one million families or individuals becoming landowners. This success came at a price for many though as it saw them mired in the 'negative equity' caused by over-inflated prices from a distorted property market. The Labour party continued to support the right to buy and this can be described accurately as a domestic policy which is still very much prevalent in modern Britain. It must be noted though that the right to buy is being reviewed by the coalition government[16]. Nevertheless this is one key policy aspect which has survived into modern times intact and which bridges the political divide.

A key theme of Margaret Thatcher's government was of targeting welfare to the most needy in society. Seldon & Collings describe the policy on welfare: "Successive reforms of the social security system progressively tightened the eligibility rules for unemployment benefit. Means-testing was extended while payouts from insurance based benefits were restricted, and the level of the popular universal benefit paid to parents (child benefit) was frequently frozen year on year." [17] The coalition government has gone further than the Thatcher government on child benefit by scrapping it for higher rate taxpayers. This meteoric leap goes far beyond what the Thatcher government contemplated. Despite this, the ideological attack on the welfare state, which was originated by Margaret Thatcher, is gathering pace and has found expression in the coalition government's plans and policies on welfare. The radical welfare reforms proposed by Ian Duncan Smith include

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simplifying the system comprehensively by replacing all benefits with one means-tested universal benefit which will subsume all by 2017 (including child benefit)[18].

Finally Helen Fawcett suggests that the single most important contribution by Thatcher was to change the way in which benefits were “ updated or increased on a regular basis”[19] by announcing that they would be increased in line with prices and not in line with increases in average earnings. This meant that the basic pension has progressively lost value whereas it had doubled from 1948 to the 80's. The coalition agreement however, indicates that the earnings link for the basic pension will be restored in 2011 with a triple guarantee that pensions are raised by the higher of earnings, prices or 2. 5%[20].

In the areas of crime and the trade unions it would appear that Thatcher's reforms are not so prevalent in modern politics. Regarding crime Douglas Hurd, then Home Secretary, summarises the stance of the Government: “ On some issues, such as the poor quality of police leadership, she let me have her strong views. In general I realised that she favoured a tough line and strong penalties”[21] The Criminal Justice Bill of 1986, a reaction to the horrific race riots in Brixton and London, Birmingham and Liverpool, demonstrated the Thatcher administration's determination to tackle crime in a very heavy handed manner. Reitan describes the changes brought about by the Bill:

“ It provided for longer sentences, compensation to victims of crime, limitation on defense challenges to jurors, and privacy for children called to

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testify in child abuse cases. The Public Order Act of the same year gave the police new powers and resources for riot control. It reflected the view of many Conservatives that a strong hand was necessary to deal with the volatile populations of the central cities.”[22]

The coalition government's proposals on crime are liberal. Kenneth Clarke, the justice secretary, has argued powerfully that “ too often prison has proved a costly and ineffectual approach that fails to turn criminals into law-abiding citizens”[23]. Furthermore, the Police Reform and Social Responsibility Bill which is currently making its way through Parliament will make police more accountable and restore the right to non-violent protest around Parliament. Budgetary cuts to the police force are also a break from the past[24] and emphasize the change in ideology from Thatcher to David Cameron in 2010. Finally programmes contracted out to private companies will be an alternative to sentencing, although this has been attacked by some on the left as a part-privatisation of the judiciary[25]. So even though the policy is liberal, it could be argued that the economics behind it are reminiscent of Thatcher.

Thatcher's battles with the trade unions are well documented. A clear reduction in the political power of trade unions was one of her key objectives and she is widely acknowledged to have succeeded in bringing unions back within the scope of the civil law by enacting incremental legislation such as the Employment Acts of 1980, 1982 and 1988 which among other things, made unions liable for damages incurred during a strike unless a majority had been secured by secret ballot[26]. David Cameron has actively sought



the support of the unions and has so far resisted powerful calls from Boris Johnson[27] and David Davis[28] to tear up strike laws and make it more difficult to strike.

In conclusion there are certainly key aspects of Margaret Thatcher's domestic reforms which are still very prevalent in society today.

Overshadowing all is the similarity in approach to cutting the budget and the rejection of Keynesianism. In terms of privatisation and the welfare state Thatcher has left an indelible mark on British Society which has found powerful expression in the coalition government and their actions so far. Areas such as crime and trade unions however are moving in a different direction and Thatcher's reforms in these areas have been slowly eroded down the years by the successive Labour government's and even under the Conservative-Liberal Democrat coalition.

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