

The effort to avoid uk economical crisis with thatcherism beliefs

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Margaret Thatcher became Britain's first ever female Prime Minister following the general election in May of 1979. She and her cabinet inherited a country in peril. The economy was marred by a rising rate of inflation and levels of unemployment not seen since the early 1930s. The policy of past governments was for direct action on prices and wages to curb rising inflation rates and to adopt an expansionary fiscal policy to slow unemployment. Despite the best intentions of governments of both political parties, each successive government over the prior thirty years experienced a higher average rate of both unemployment and inflation than its predecessors. The outlook seemed bleak to most of society. Miseducated Britons, products of a shoddy education system, walked an uneasy path to the future. Thatcher's right-wing solution to this economic and social Labour plight was an ideology that came to be known as "Thatcherism." Pushed on the nation by Thatcher and her strong will and personality, the policies of her ideology transformed Britain from a nation plagued by "Socialist rot" in to a world power yet again.

Thatcherism was defined by its combination of monetarism, belief in market forces, a strong, yet unintrusive, government, anti-Socialism, strong nationalist beliefs and importance in the improvement of education. These sweeping changes, so contradictory to the previous governmental mindset, were only successfully adopted as Thatcher's government turned its back on the consensus politics that had dominated Britain since 1945. She preferred a confrontational style of politics and in her own words described the old consensus style to be "the process of abandoning all beliefs, principles,

values and policies in the search of something in which no one believes but to which no one objects.”

One of the first problems Thatcherism dealt with was the steeply rising inflation rate. Public spending increased while national production remained steady or rose very little. As more and more money was pumped into the economy, inflation rates rose and prices soared. For example, in 1978, domestic production in the United Kingdom grew only by 1% while consumer spending went up by 5%, resulting in a 13.8% rise in prices. Another 10% increase was expected during the next four years. This result was the continuation of a trend that existed during the previous regimes thanks in part to the policies of the Labour governments, who in fact had been in power for 11 of the previous 15 years. The oil crisis during the beginning of Thatcher's reign also accelerated inflation. In order to quell these rising rates the Thatcher government implemented a monetarist policy involving a reduction in government spending, shifting tax rates and a return of much of the economy to the private sector. As the Conservative Manifesto of 1979 states: “to master inflation, proper monetary discipline is essential, with publicly stated targets for the growth of the money supply.” All this was done in the interest of efficiency and to keep the money supply in step with domestic production.

In her first few years of office, government spending was cut by billion, including cuts in housing, energy, education, employment, industrial subsidies, transport and foreign aid. The only departments that were not scaled down were the police and armed forces. This widespread reduction in

government spending allowed for lower tax rates for the majority of the population. Tax revenue had to come from somewhere so while the rates dropped for income, expenditure taxes and taxes on North Sea oil increased. The Tories soon earned the reputation as honest and effective inflation-fighters. By 1983, as the British economy was recovering from recession, inflation fell from 20% to 4%, the lowest level in 13 years, largely as a result of these monetarist policies.

The fight to suppress inflation did not stop there. Thatcherism stressed the need for the removal of the government from the market system. So her government started a series of massive privatizations and deregulations in 1981. British Telecom became privatized first and it soon spread to British Steel, British Gas, and then the electricity and water industries. The government sought to increase competition within industries for foreign and domestic contracts and to bring about more efficiency within the competition that already existed. The public would benefit from this increased efficiency for the government could utilize the funds saved more beneficially.

Privatization was extended to the employees of those same companies as they were given the opportunity to buy shares in them. This aspect also diminished the necessity for trade unions. Workers could now own a small piece of the company and the conflict between themselves and the owners would be avoided.

This conflict in interest between owners and unions had marked the downfall of previous governments. The resulting unemployment and the man hours lost due to the numerous strikes during the “ Winter of Discontent,” and

other instances in history, prior to Thatcher's government could be dealt with. The policies already in place and Thatcher's foresight helped bring down the power of the unions, who remained adamant about receiving higher wages for insufficient output. The 1984 coal miners strike, led by Marxist Arthur Scargill, was put down by Thatcher because of her ingeniousness in predicting and preparing for the strike. Stockpiles of coal had been gathered at power stations and the ill effects of the strike on the economy were nonexistent. To further the suppression of the unions, parliament passed legislation making strikes more difficult to pull off and less effective if it occurred. Thatcherism helped usher in " a new era of government-industrial relations where more economic power was given to the British people and workers, and less to the labour union elite."

Even during these times of economic boom and government successes unemployment topped the 3 million mark by January of 1982 and the public's view of Thatcherism was one of disapproval. A uniting factor was necessary to get the peoples' minds off the turmoil the nation was experiencing. The Falkland Wars of 1983 brought that much needed change. Thatcher knew the risks involved and the traumatic effect failure would have on her political career. More importantly, she knew the thought of breaking Britain's longstanding tradition of protecting its colonies served as more of a deciding factor. Thatcher dispatched troops to the island over 8, 000 miles away and the invasion was smashed. The triumph overwhelmed the country with a sense of nationalism with the Prime Minister to thank. Thatcherism was acceptable again and it resulted in another Conservative victory in the general election later in the year.

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The landslide Tory victory in 1983 marked the beginning of the second phase of Thatcher's reign as Prime Minister. The strength of Thatcherism did not wane. Her imprint on the public sector was defined by her measures for improving the educational system. Schools throughout Britain were run independently by the local government and the curriculum was decided on by the teachers. The schools themselves were falling apart and lacked the tools for a proper education. Thatcherist reforms began in her second term when she designated 1982 the "Information Technology Year" by calling for a computer to be set up in every secondary school. The Education Reform Bill of 1988 also helped to improve education by reversing the trend of independently run schools. No longer would teachers be the deciding factor in what children should learn. Each school was to follow guidelines established by the British government. British society had truly been reeducated.

Under Thatcherism, Britain regained its position as a world power. Through economic and social revamping, the nation stood poised to step into the 1990s and take on any challenges the world had to dole out. Thatcherism provided Britain with the leadership and policies it needed to cleanse the "Socialist rot" that plagued many aspects of British life. Her persona and her resolve pressed the issues needing to be dealt with into the limelight. Thatcher's simplification of those problems and its solutions into laymen's terms helped garner the support needed from the public. While her Thatcherist policies were unpopular to most, Thatcher herself appealed to the masses. In fact, her approval rating, among politicians and the public alike, over her reign as Prime Minister averaged a shade below 40%.

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Thatcherism can be best explained as unpopular, but necessary, policies implemented simply by the sheer strength of Thatcher's character. Her humble middle-class background was shared by many and her convictions instilled in her by her father from a very young age, helped turn the tide against Labour's negative influence and bring a nation back into standing in the world community.