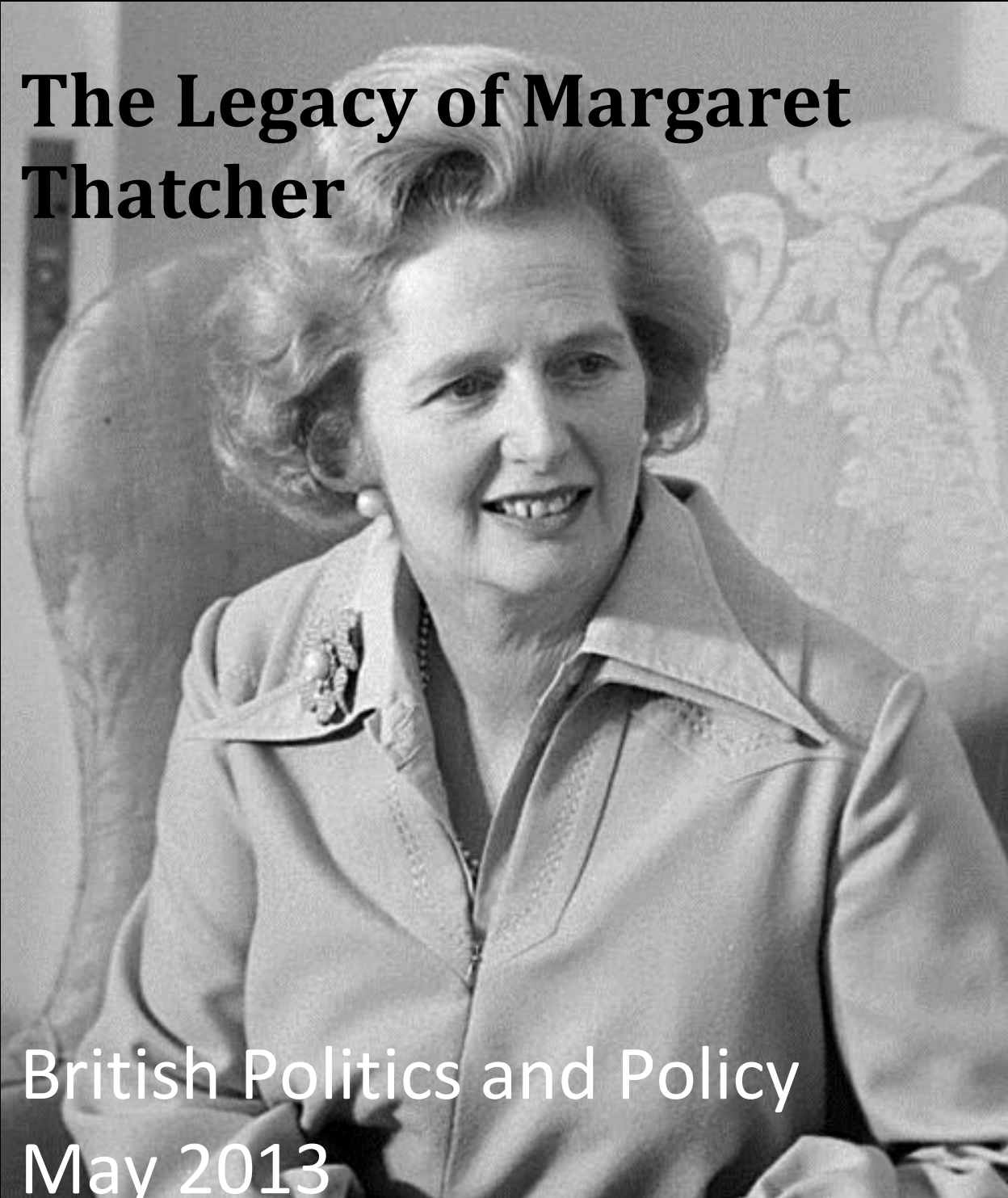


LSE

**Public Policy
Group**

The Legacy of Margaret Thatcher

**British Politics and Policy
May 2013**



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Introduction

On April 8th 2013 Margaret Thatcher, the UK's first female Prime Minister, died at the age of 87. She was a divisive and controversial figure, lionised by some and reviled by others, yet the unique role she played in British political history was recognised by all. She established a new common sense within British politics, replacing the old post-war consensus with a new regime orientated towards free markets, privatisation and labour flexibility. This eCollection draws together a range of commentators who reflect on this legacy, as well as the life and career of the woman herself.

The articles contained herein give the views of the author(s), and not the position of the *British Politics and Policy at LSE* blog, nor of the London School of Economics.

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The economic legacy of Mrs. Thatcher is a mixed bag

Published: 10 April 2013

John Van Reenen analyses the economic legacy of Margaret Thatcher. In the late 1970s, when the UK was behind other developed nations in terms of material wellbeing, her supply side policies spurred economic revival. There is a substantial body of evidence suggesting that a range of important policy changes initiated by her underpinned these economic gains. Nevertheless, there are many important economic and social failures that are part of the Thatcher legacy.

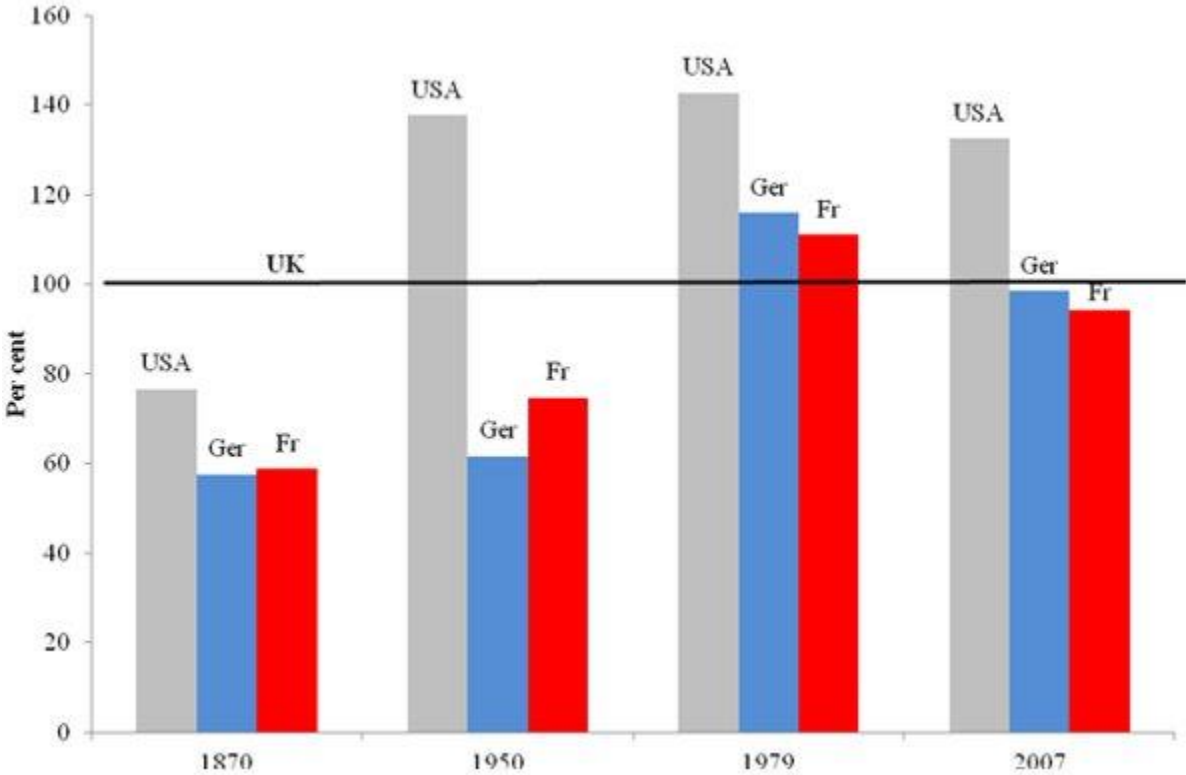
Much virtual ink has been spilled this week on the legacy of Mrs. Thatcher, so it is with trepidation that I make yet another contribution. And as with all social science it is notoriously hard to know what the world would have looked like “but for” the election victories of Mrs T. But we must try.

As a student I was not a fan of her government, but in retrospect I believe it is clear that the important changes in economic policies that began at the end of the 1970s contributed to the reversal of a century of UK relative economic decline. Her macro-economic policies have a mixed record, but the micro-economic policies have had a more enduring success. In particular, the supply side policies she launched to make labour and product markets more competitive and flexible have been broadly continued under subsequent Conservative (under John Major) and Labour (under Tony Blair and Gordon Brown) administrations.

The Economic Record

Although the UK has enjoyed significant improvements in material wellbeing for well over two centuries, UK GDP per capita was in relative decline compared with other leading countries, such as France, Germany and the US, from at least 1870 onwards (see Figure 1). The UK’s relative decline reflected an almost inevitable catch-up of other countries whose institutions created the right kind of investment climate. But by the late 1970s the UK had been comprehensively overtaken: US GDP per capita was 40 per cent higher than the UK’s and the major continental European countries were 10-15 per cent ahead. The subsequent three decades, in contrast, saw the UK’s relative performance improve substantially so that by 2007, on the eve of the crisis, UK GDP per capita had overtaken both France and Germany and reduced significantly the gap with the US.

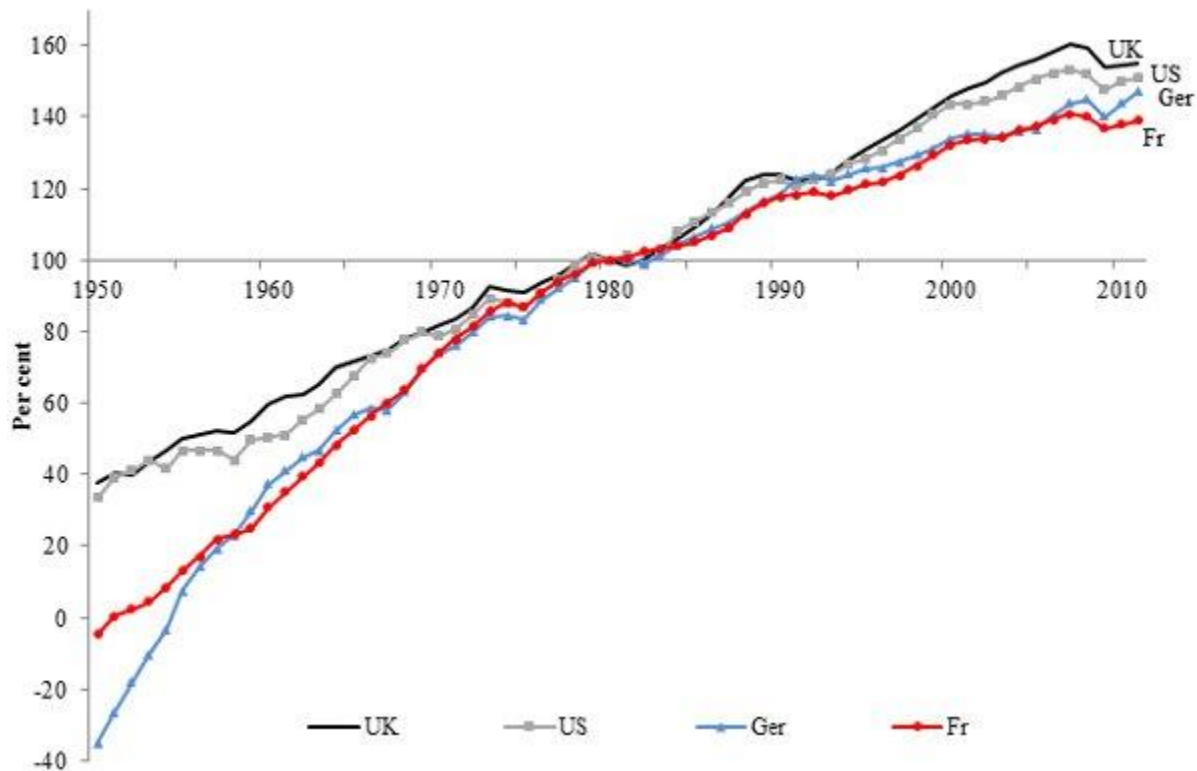
Figure 1: GDP per capita 1870-2007 (UK = 100)



Notes: In each year the base is UK=100 and each country's GDP per capita is relative to this. So a value of US=120, for example, implies the US has a 20 per cent higher GDP per capita than the UK. GDP per capita is expressed in 1990 International Geary-Khamis dollars.

Source: LSE Growth Commission (2013)

Figure 2: GDP per capita 1950-2011 (1980=100)



Notes: GDP is US\$, constant prices, constant PPPs, base year 2011. For each country the series is set to one hundred in 1980, so the level of the line in any year indicates the cumulative growth rate (for example, a value of 110 in 2001 indicates that the series has grown by 10% between 1980 and 2001). The steeper the slope of the line, the faster growth has been over that period.

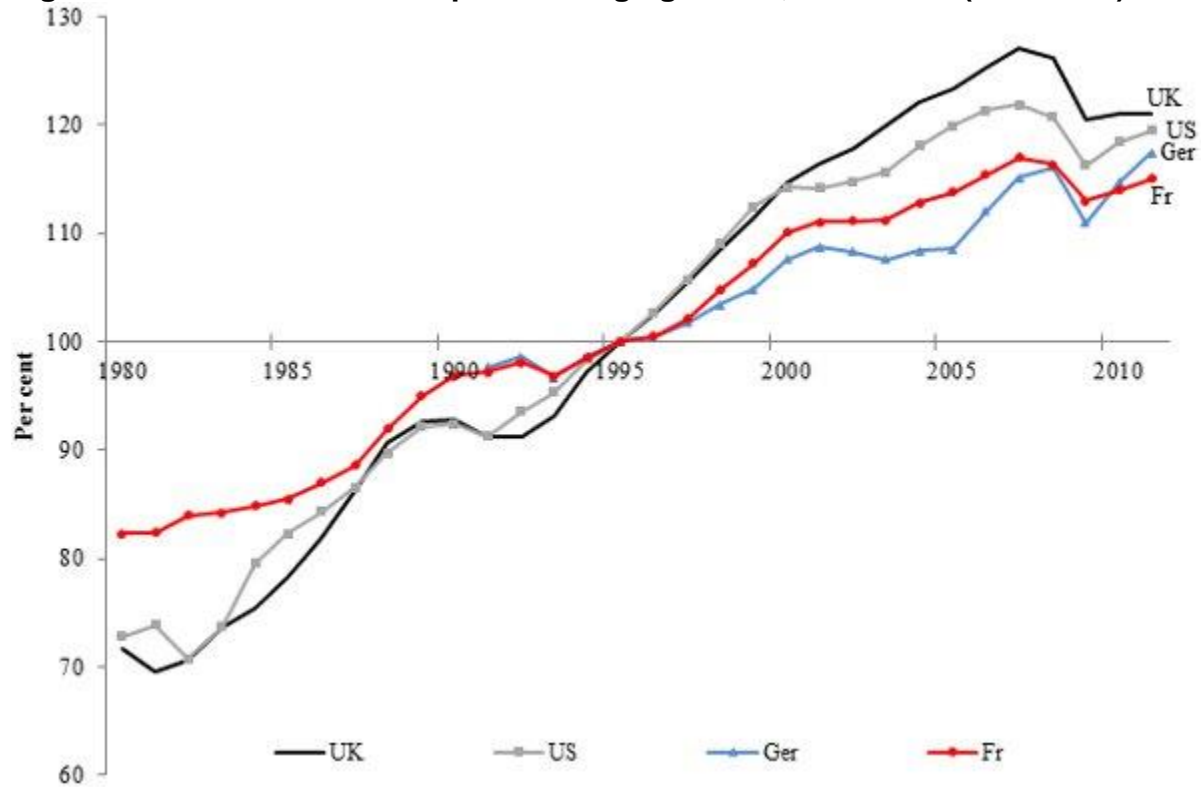
Source: LSE Growth Commission (2013)

Figure 2 shows trends in UK GDP per capita since 1950. After falling behind for most of the post-war period, the UK had a better performance compared with other leading countries after the 1970s. This continues to be true even when we include the Great Recession years post-2008. Part of this improvement was in the jobs market (more people in work as a proportion of the working age population), but another important aspect was improvements in productivity. Figure 3 illustrates this for GDP per worker covering the current downturn after 2007. Contrary to what many commentators have been writing, UK performance since 1979 is still impressive even taking the crisis into consideration. Indeed, the increase in unemployment has been far more modest than we would have expected. The supply side reforms were not an illusion.

The productivity performance in the pre-crisis years do not simply reflect the dominance of the financial services “bubble” over all other aspects of the economy like manufacturing. First, the improvements were spread across industrial sectors (Figure 3). Financial services contributed only about 10 per cent of the productivity growth seen since 1979. Second, the way the Office of National Statistics measures GDP places

substantial limitations on the [potential for the measurement of financial services to bias GDP calculations significantly](#).

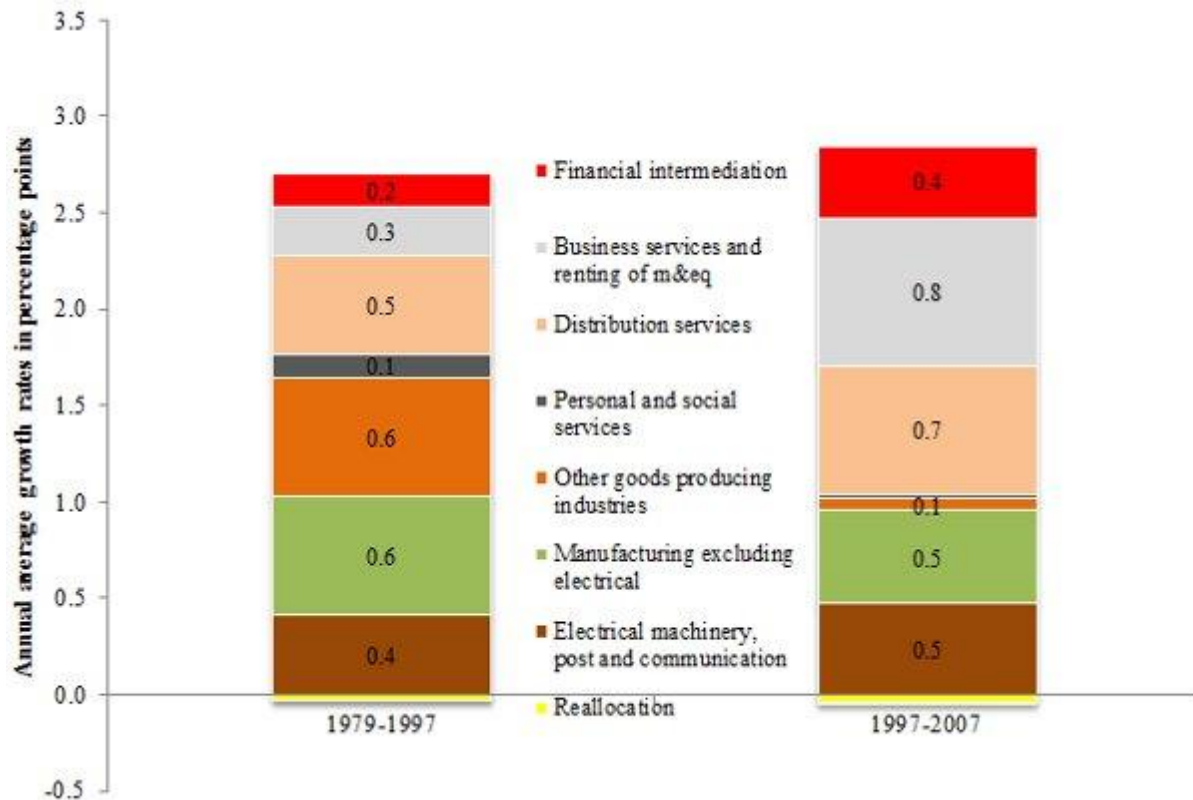
Figure 3: Trends in real GDP per working age adult, 1980-2011 (1995=100)



Notes: GDP is US\$, constant prices, constant PPPs, base year 2011. The number of working age adults, which is obtained from the US Bureau of Labour Force Statistics, includes the civilian population aged over 16. Data for unified Germany is from 1991. For each country the series is set to one hundred in 1995, so the level of the line in any year indicates the cumulative growth rate (for example, a value of 110 in 2001 indicates that the series has grown by 10 per cent between 1995 and 2001). The steeper the slope of the line, the faster growth has been over that period.

Source: LSE Growth Commission (2013)

Figure 4: Finance directly contributed only a small part of market sector productivity growth



Notes: These numbers are for the 'market economy'. This excludes the sectors where value added is hard to measure: education, health, public administration and property.

Source: LSE Growth Commission (2013)

Her policies did matter

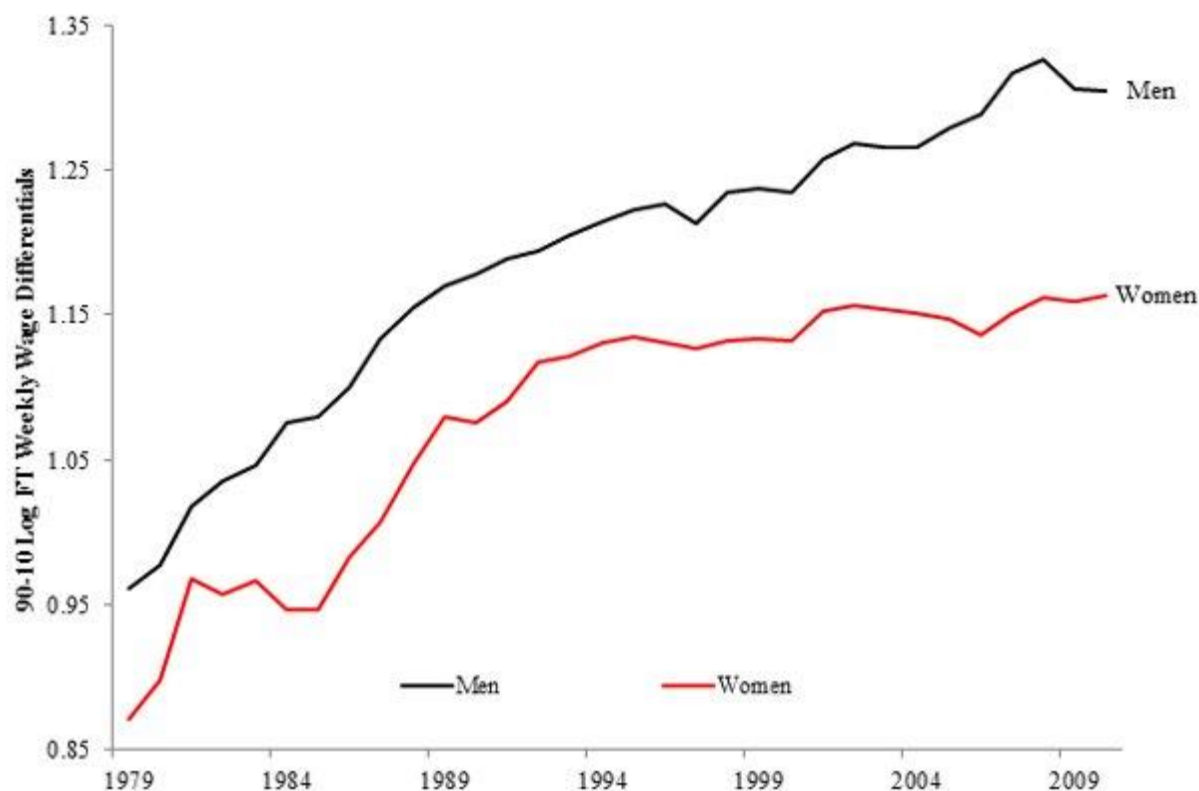
There is a substantial body of evidence suggesting that a range of important policy changes underpinned these economic gains (see for example [Corry, Valero and Van Reenen 2011](#); [Card, Blundell and Freeman 2004](#); [OECD 2012a](#)). These include increases in product market competition through the withdrawal of industrial subsidies, a movement to effective competition in many privatised sectors with independent regulators, a strengthening of competition policy and our membership of the EU's internal market. There were also increases in labour-market flexibility through improving job search for those on benefits, reducing replacement rates, increasing in-work benefits and restricting union power. And there was a sustained expansion of the higher education system: the share of working-age adults with a university degree rose from 5 per cent in 1980 to 14 per cent in 1996 and 31 per cent in 2011, a faster increase than in France, Germany or the US. The combination of these policies helped the UK to bridge the GDP per capita gap with other leading nations.

Most, but not all of these were initiated by Mrs Thatcher. She was initially against large-scale foreign investment in the UK and takeovers. But the success of new plants, such as Nissan's car plant in Sunderland (still the most productive in Europe) convinced her of its benefits. The "Wimbledon" economy where we are relaxed about the nationality of who provides high quality jobs so long as they are here has persisted. Her approach to union reform and privatisation was also pragmatic and step by step: she was less of an ideologue that often believed.

Her Failures and the Future

Nevertheless, there are many important economic and social failures that are part of the Thatcher legacy. First, there was a tremendous growth of inequality both in pre-tax incomes and through changes to tax and benefit policies that favoured the rich. Figure 5 illustrates this for wages showing a dramatic upswing in inequality between the richest and poorest 10 per cent. Some of this inequality was addressed by the Labour governments through tax credits and the minimum wage, but the share of income going to the top 1 per cent continued to rise inexorably, driven by the financial sector. This was the second failure – excessive deregulation of financial services starting with Big Bang in 1986, but continuing until the eve of the 2007 crisis. Even free markets need to be properly regulated. Third, her early years were marked by a failure to understand that the public employment service needs to be active in helping people find jobs. A major mistake was splitting benefit offices from job centres and pushing many unemployed onto disability benefits (which are much harder to escape from) in an effort to massage down the unemployed claimant count statistics. Unemployment claims peaked at over 3 million in 1986 when Restart was launched – a policy that finally put more effort into getting the unemployed searching for work and was deepened under the "New Deal" policies after 1997.

Figure 5: Wage inequality 1979-2010



Notes: Difference in the natural logarithm of weekly wages of full-time (“FT”) workers at the 90th percentile (richest tenth) and 10th percentile (poorest tenth).

Source: LSE Growth Commission (2013), Lindley and Machin (2012) using data from NES and ASHE (1 per cent sample of all UK workers).

Finally, and perhaps most importantly, there was been a failure of long-run investment: in infrastructure, in the skills of those at the lower end of the ability distribution and in innovation. The UK addressed some of its problems but this failure to invest in prosperity is the main challenge we face as a nation over the next 50 years. The LSE Growth Commission has put forward some proposals to deal with this – let’s hope the current generation of political leaders takes heed.

About the Author

John Van Reenen is Director of the Centre for Economic Performance and a Professor at the London School of Economics

Margaret Thatcher has a fair claim to be called the most influential politician since the Second World War, but her legacy is still hotly dispute today because of her mistakes and weak points

Published: 08 April 2013

*Noting her extraordinary impact and disputed legacy, **Tim Bale** reflects on the positives and negatives of Margaret Thatcher's career. On the one hand she confronted underlying structural problems in the UK economy, but on the other she presided over an enormous loss of jobs and some industrial areas of the country remain scarred to this day. Future political leaders have much to learn from her, both as an example and a warning.*

Margaret Thatcher was a crusader rather than a compromiser, a warrior rather than a healer. She believed that those who came before her (and even the governments in which she was a minister) had largely got it wrong, especially (although never exclusively) on the economy. She was absolutely determined to change all that, even – and this is the very big difference with her more patrician, paternalistic Tory predecessors – if that meant a return to levels of unemployment that hadn't been seen since the 1930s and which many regarded as morally unacceptable and electoral suicide.

On the other hand, although Margaret Thatcher was an ideologue – too much of one for some of her colleagues as well as her opponents – she could also be highly pragmatic behind the scenes, moving step-by-step when that seemed like the best way of getting what she wanted: the trade unions, for example, were slowly strangled by a combination of job-losses and separate pieces of legislation before she finally finished them off by confronting the miners in the mid-eighties.

It's proof positive of Mrs Thatcher's extraordinary impact that her legacy is still hotly disputed today. That said, the smoke has cleared sufficiently for us to at least begin to draw up a balance sheet.

On the positive side, under Thatcher Britain confronted some of the underlying structural problems in its economy – one which desperately needed both shaking and freeing up. More people got richer quicker – and more people gained a fundamental stake in the economy through buying their own home and buying shares in the

industries she privatised, even though most of the latter eventually fell into the hands of big institutional investors rather than creating the 'share-owning democracy' she dreamed about. And, while it's possible to exaggerate Thatcher's role in the Cold War with Communism, the way she combined with US President Ronald Reagan to renew an arms race that basically bankrupted the Soviet Union undoubtedly accelerated Eastern and Central Europe's historic march toward freedom and democracy that began with the fall of the Berlin Wall. She also stood up to terrorists, helping to convince the IRA that there was no future in the armed struggle. Certainly, no one who remembers the courage with which she conducted herself during the Brighton bombing will ever forget it.

On the negative side, and back in the UK, an awful lot of people lost their jobs, and some parts of the country – especially those which relied on heavy industry – have never recovered economically. Nor it seems will they ever vote Conservative again, which partly explains why the Party failed to win a majority in 2010 and will find it difficult (if not impossible) to do so next time round. Certainly, the relationship between the rest of the UK and Scotland – and between the UK and Europe – began to deteriorate markedly during her premiership. Her privatisations arguably gave rise to myriad commercial monopolies and oligopolies – particularly in the energy sector – that are still with us today. Her housing policy also helped lead to what has become a chronic failure to build enough housing for the country's growing population. Public services like health and education had to be rescued – very expensively – by Tony Blair's Labour government. The UK also became over-reliant on financial services, which partly explains why it was hit so badly by the global financial meltdown and why our economy still badly needs rebalancing.

So what were Mrs Thatcher's strong points? The list is long, but the following would surely be on it. She refused to take no for an answer when others might have given up or not even begun. She had an instinctive feel – at least for a while – for public opinion. She had a vision of where she wanted the country to go and what she wanted it to look like. She realised she wouldn't get there straight away and that sometimes, beneath the rhetoric, compromise was necessary. But she always kept her eyes on the prize – a freer economy and a more self-reliant people, and a Britain that retained its sovereignty and could hold up its head in the wider world

Her weak points? Over time, she stopped listening to her colleagues. She became obsessed with Europe. And she began to believe in her own mythology, forgetting like all leaders she was both fallible and mortal. The poll tax, which risked losing her parliamentary colleagues their seats, was a monument to that mistake.

Finally, when it comes to thinking about what present and future political leaders the world over could learn from Margaret Thatcher, they should bear in mind both her strengths and her mistakes. They should lead from the front, but should never forget to listen to those with different points of view. They should have a vision, but make sure they consider some of the downsides of their plans, too. They should also realise that winning elections doesn't automatically mean that they've united the whole country behind them: apart from when she went to war in the Falklands – which many would consider her finest hour – Mrs Thatcher never managed to do both. Nor, in the end, did she convert most British people to her way of thinking: most of us remain stubbornly centrist, keen on capitalism but concerned to mitigate its harder edges.

For all that, apart perhaps from Clement Attlee – the Labour Prime Minister from 1945 to 1951 and a leader with very different values and very different style – Margaret Thatcher has a fair claim to be called the greatest Prime Minister and most influential politician since the Second World War. She will not be forgotten for a very, very long time.

About the author

Tim Bale is Professor of Politics at Queen Mary, University of London. He is the author of *The Conservative Party from Thatcher to Cameron* (Polity, 2010). His latest book is *The Conservatives since 1945: the Drivers of Party Change* (Oxford University Press, 2012).

The very fact that Thatcher can be lauded as the woman who broke the mould is indicative of the challenges which women still face in contemporary politics

Published: 17 April 2013

Anne Phillips reflects on the legacy which Margaret Thatcher, the UK's first female Prime Minister, left for women. This debate has tended to be a polarised one, with sweeping claims made on the basis of what is, in essence, a single case. Furthermore such claims have tended to distract from a broader assessment of Thatcher's social and political legacy.

For years, anyone troubled by the under-representation of women in politics, or arguing for some form of gender quota to address this, had to face the Thatcher question: how can you think it matters to have more women in politics? Look at Margaret Thatcher, the first woman to become Prime Minister in the UK, what has she ever done for women? Now that she is dead, we are deluged with the opposite comment: Look at Margaret Thatcher. She has transformed the political landscape for women, making it possible for any woman with the determination and talent to aspire to the highest office in the land.

The two positions are equally absurd, depending on the fallacy of the single exemplar. When it comes to social and cultural change, it is numbers that matter, not the lonely examples of Margaret Thatcher (or Golda Meir or Indira Gandhi or Benazir Bhutto or Sirimavo Bandaranaike, for even in her own time, powerful female leaders were not so rare as is sometimes thought). The very fact that Thatcher can be lauded as the woman who broke the mould tells its own story, confirming that even today it is thought unlikely that a woman – a mere woman! – can be politically driven, willing to dispense with the advice of more moderate colleagues, and capable of leading a society in new and unanticipated directions. That she was a phenomenon is true enough, but as evidence of a fundamental shift in the public status of women, this falls a long way short. The numbers tell a different story. Only one woman was appointed to the Cabinet in Thatcher's entire eleven years, and that one was Janet Young, Leader of the House of Lords and therefore not even permitted the responsibility of running a department. After Thatcher's resignation in 1990, not one woman followed her lead to run for the leadership of the Conservative Party, and it is only now (in 2013) that we hear rumblings of a possible female challenger. Most telling of all, women currently make up only 16

per cent of Conservative Party MPs; not much more than three women elected for every seventeen men. If Thatcher did indeed pave the way for women to succeed in politics, Conservative women have proved themselves astonishingly dilatory in following her lead.

In a lecture in 1982, Thatcher repudiated the 'strident tones' she associated with what she called the 'Women's Libbers'. Her message for women, if any, was to get on with it, if possible with a husband's support, but failing a Denis in the background, then under one's own steam. The biggest error, for her, was to turn to the state for support, and under the mantra of the 'free market' (later adopted, to our cost, by virtually all political parties), she helped usher in the era of rising inequality; 'loadsamoney' for some, low wages and job insecurity for others. The free market was never going to deliver opportunities and life chances for all, but for women in particular, still assuming the main share of the caring responsibilities for the young, sick, and elderly, it was always going to be an empty promise. One of the few joys of the week-long media saturation with Thatcher stories is that you come across the occasional quote you had not heard before. My favourite comes courtesy of Harry Eyres in the Financial Times (April 13): Thatcher apparently said that 'a man who, beyond the age of 26, finds himself on a bus, can count himself a failure'. Anyone who could say that had minimal understanding of, or sympathy for, the life of the average woman (or man).

In Thatcher's own area of stridency – her anti unionism – she helped to stymie some of the more promising developments of the 1970s. We are encouraged, today, to think that whatever else she did, she should at least be celebrated for implementing what Barbara Castle had failed to achieve: the reform of the trade unions. There was, indeed, much at fault in the way the unions operated in the 1970s, not least the macho presumption that the jobs of male workers mattered more than those of part time and dispensable women. But 1979 was not only notable for the election of the UK's first woman Prime Minister. It was also notable for the largest ever demonstration in defence of the 1967 Abortion Act called – of all things – by the male dominated TUC. This iconic moment of joint action between the women's movement and labour movement saw an estimated 80,000 people marching to express their opposition to the Corrie Bill. It was the latest, but not last, in a seemingly endless series of private members' bills aimed at restricting the availability of abortion. Trade union activists, many of them members of the women's movement National Abortion Campaign, mobilised to persuade the TUC conference to commit to a national demonstration if and when the Abortion Act was next threatened; and in October 1979, the TUC delivered on this commitment.

Thirty four years later, women make up more than half the (much reduced) membership of the trade unions, the language and priorities of the labour movement are far more feminised, and the TUC has its own 'first woman leader' in the form of Frances O'Grady, the new General Secretary. It is hard, nonetheless, to imagine a similar event taking place today. The anti-union rhetoric and legislation that characterised the Thatcher years penalised unions for engaging in 'political' or solidaristic action, and in the process forced them into a narrower frame of reference in which the immediate interests of their own members were to become the overwhelming concern. That same rhetoric operated to discourage feminist interest in working with the unions. The heady possibilities of a wider collaboration between the women's and labour movements were among the casualties of the Thatcher years.

About the author

Anne Phillips *is the Graham Wallas Professor of Political Science in the Department of Government. She is also currently Director of the Gender Institute.*

Margaret Thatcher: who dares, wins (and loses)

Published: 08 April 2013

*With news of Margaret Thatcher's death today, **Rodney Barker** looks at her legacy. Thatcher's robust straightforwardness and uncompromising nature set her apart from her Conservative successors, as did her ability to not only exploit political circumstances and the existing state of thinking, ideology, policy and language, but to shape and create them.*

Margaret Thatcher was one of the two great twentieth century British Prime Ministers. Her impact on the United Kingdom, on her own Conservative Party, and on the language and agenda of politics was matched only by that of Clement Attlee, whose government brought into being the welfare society of the post-Second World War settlement, a society whose slow erosion she set in train, and to whose bitter divisions she contributed, stigmatising as 'enemies within' miners and anyone else who seemed not on side or not on message.

Thatcher has frequently been praised by both those who admired her and those who detested her, as uniquely single minded, straightforward, and uncompromising. 'The lady's not for turning' as she famously put it. The reputation is exaggerated, and her record of radicalism was one of a slow hardening and narrowing of determination, rather than of a clear programme of change from the start of her leadership or her premiership. But by the time of her second election victory in 1983 after the Falklands War, she was set to become her party's most successful leader ever. One reason why she has been so loved on the right is that she allowed the Conservative Party to shed its inhibitions about the welfare society, universal benefits, public services provided equally to all citizens, education, health, and assistance on the basis of need, paid for by progressive taxation; to each according to his needs, from each according to his ability. Before Thatcher, although Conservatives did not like a health service shared equally by all in a society where any advantages accessible to wealth had to be privately acquired, they had felt constrained by the international reputation and the public support for the Attlee government's achievements. Thatcher changed that, and allowed the conservative party to shed its inhibitions and launch an assault on the social democratic settlement created after the second world war.

Shifting policies and strategies were supported, in true Gramscian manner, by a shift in language. On Thatcher's watch a whole range of activities which had been previously

defined in terms of valued human functions, were reduced through re-description to cash transactions. Economic differences became the determinant of all other differences, as passengers, clients, audiences, and patients were all reduced to 'customers', and only two public roles were not shrunk into the ability to pay: voters and worshipers.

All Conservative leaders after Thatcher have followed the path she opened up; Major fragmenting the railway system into a chaos of profit seeking fragments, Cameron reducing public services in a hurricane of cuts. But what marks Thatcher off from her conservative successors is their lack, by comparison, of straightforwardness, none more markedly so than the Cameron government. Cameron and Osborne attack the welfare society with even more aggression than Thatcher, but with none of her honesty. There is a shiftiness in the current Conservative Party's pretense that cuts in public services and the move to increase the economic dimension of everything is a desperate necessity in an economic crisis. Cameron, in a rare moment of candour at the start of his premiership, said that the cuts in public services were ones he would have made, and would have wished to have made, even if there had not been an economic crisis. But that straightforwardness did not last, and was rapidly replaced by a strategic evasiveness so that all the attacks on the welfare society were presented as responses to economic necessities.

Thatcher's robust straightforwardness is a disconcerting model for her successors. It was disconcerting for her opponents too. She was the first female leader of a major party, let alone the first prime minister, which should have endeared her to the left. But female heroines are one thing, female villains rather another. She was difficult, bloody minded, superbly self-confident, and not afraid to pursue policies which might be difficult, unpopular, or risky. This was both the cause of her success and the cause of her downfall over Europe and the Poll Tax. She became an accomplished and charismatic orator, and one never afraid to mock herself. She once told an admiring audience that she knew her political life had some vitality left since, on her way to the venue, she had passed a cinema whose posters announced 'the return of the mummy'.

Reputations are frequently misleading, and public images can be the mask over the face of reality. But mask and face are never entirely at odds. Thatcher's relations with the government of the United States and with Ronald Reagan never looked like anything other than an equal alliance, and one where the sharper tongue was in London. In the twenty-first century the government of Tony Blair never succeeded in looking like more than an overeager Robin to the gung-ho Batman of George W Bush. Thatcher's record might be one of punching well above her weight abroad, but also one

which provides evidence that a country, and a government, will be rated in part on the basis of the audacity and confidence with which they rank themselves.

At home Thatcher, whatever the hesitancy of her early years and before the Falklands War, was a leader who recognised the powers of government and was willing and eager to use, and create, them. In confronting her 'enemies within' as well as her enemies abroad, she displayed an active and creative role of government which marked her off dramatically as a leader who was prepared to be combative and audacious. Irresponsible bloody-mindedness was never something displayed by any party leader after Thatcher. But one outstanding lesson of her premiership is that a leader can not only exploit political circumstances and the existing state of thinking, ideology, policy and language, but can shape and create them. She inverted Marx's epigram that men make their own history but they do so in circumstances not of their own making, because she either realised, or acted instinctively without realising, that they can make their circumstances too. She deserves the 'ism' that ennobled her into the ranks of a political category in her lifetime, and maintained her in the ideological aristocracy. She died in the Ritz. What style.

About the author

Rodney Barker is [*Emeritus Professor of Government at LSE*](#) and *Emeritus Gresham Professor of Rhetoric, Gresham College, London.*

Thatcher sowed disunity in the Conservative party, the repercussions of which are still felt today

Published: 15 April 2013

Françoise Boucek *analyses some of the pivotal rebellions within Thatcher's Conservative party in her [recent book](#). Though she had major policy successes, Thatcher created damaging factionalism within her own party. Its effects have been long-lasting.*

Thatcher drove a wedge in the Conservative Party on the issue of Europe making it harder for her successors to keep the party together and slashing the odds of another Conservative majority any time soon. The factionalism Thatcher created on Europe in the late 1980s devastated John Major's premiership. Since then euroscepticism has redefined new cohorts of Conservative MPs and forced David Cameron to promise a referendum on Britain's EU membership to appease rebels. Crucially, this fracture has alienated many Conservative voters and made space for the UK Independence Party (UKIP) on the Conservatives' right flank.

Thatcher's anti-Europe stance dates back to the 1986 Westland Affair which drove Michael Heseltine out of cabinet. His defection revealed a widening gulf between Thatcherite Conservatives with liberal and anti-Europe views and pro-European interventionist Conservatives like Heseltine. This internal conflict sowed the seeds for a future leadership challenge.

Thatcher failed to convert the Conservative Party to Thatcherism despite taming the unions and saving Britain from economic collapse. She won a third triumphant election victory in 1987, a feat not achieved by any British Prime Minister since 1827. But her subsequent term in office was wasted. Isolated in No 10, she focused on divisive issues such as the poll tax and European Monetary Union (EMU) driving a wedge within her own party instead of between Conservatives and Labour.

Thatcher was enthusiastic about removing European trade barriers indeed calling it 'Thatcherism on a European scale'. She signed up to the 1986 Single European Act (SEA) to create a single European market by 1992 and used European summits to grand-stand. However, to Thatcher European integration was a threat to Britain's sovereignty and she had deep reservations about the extension of majority voting in Council (seen as a surrender of Britain's veto), greater legislative powers for the

European Parliament and European competence in foreign and security policy and she was hostile to Britain's membership of the European Monetary System.

With British trade unions vanquished and the evil Soviet empire gone Thatcher turned to the European Union as her next foe. Her rhetoric on Europe became aggressive forcing Conservatives to choose between Thatcherism and Europe. To her Jacques Delors' expansion of the European Commission's authority was 'creeping socialism through the back door' and the single European market was 'Fortress Europe'. Her 1988 speech at the College of Europe in Bruges exposed Conservative disunity prompting the formation of the *Bruges Group* a mainly Conservative eurosceptic advocacy group still in existence today.

Mistrust took hold of the Conservative Party but Thatcher ignored warnings of leadership challenges and drove her former comrades-in-arms Geoffrey Howe and Nigel Lawson out of government. Howe's resignation speech in the House of Commons in November 1990 was the tipping point for her downfall. He deplored her inability to unite the party on Europe and prompted Heseltine to make a bid for the leadership and 'chart a new course on Europe.' Heseltine cleverly transformed the context of the leadership race by focusing on the deeply unpopular poll tax which Thatcher had to abandon after violent riots in March 1990. By November that year she was perceived as an electoral liability pushing cabinet colleagues to discourage her from fighting the second round of voting in the leadership race which they feared she would lose. She was ousted by her own backbenchers despite grassroots support and a 100-seat majority.

Her successor John Major struggled to restore party unity throughout the Conservatives' last parliament as Thatcher energised her anti-Europe crusade by helping launch the Referendum Party to fight the 1997 election. The Conservatives' reduced majority in 1992 increased the leverage of a minority eurosceptic faction. Contentious European legislation incentivised these dissidents to question Major's authority at critical junctures. I analyse some of these pivotal rebellions as strategic games in my recent book *Factional Politics: How Dominant Parties Implode or Stabilize* (Palgrave). In majoritarian democracies like Westminster, a heavy burden of party discipline falls on the party leader. This can be a strength or weakness depending on the leader's conflict resolution capacity. Here Thatcher's performance was damaging and its effects are long-lasting.

Françoise Boucek (Oct 2012) *Factional Politics: How Dominant Parties Implode or Stabilize* (Palgrave Macmillan) <http://www.palgrave.com/products/title.aspx?pid=276749>

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Françoise Boucek is a Teaching Fellow in European Politics in the School of Politics and International Relations at Queen Mary, University of London, a Visiting Professor at the University of Witten Herdecke (Germany) and an Associate of the LSE Public Policy Group. A political scientist, she gained her PhD from LSE and researches chiefly on party politics in advanced industrial countries.

The lasting achievement of Thatcherism as a political project is that Britain now has three political parties of the right, instead of one

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*Throughout the twentieth century the Conservative party dominated British politics as an integrated party of the right. Yet since late 1992, the Tories have increasingly struggled to attract the support of a third of voters at elections or in opinion polls. **Patrick Dunleavy** argues that because of the divisiveness of Thatcherism, the right wing electorate in Britain is now permanently fragmented between three parties – the Conservatives, the UK Independence Party, and now the rump of the Liberal Democrats, clearly aligned behind austerity policies. However, the UK's first-past-the-post electoral system always punishes such divisions severely. Ironically the most enduring legacy of Thatcherism's attempted 'revolution' may be the long-run hegemony of the centre-left.*

The British Tory party has existed for more than three hundred years, and for much of that time has been a vote-winning and ideology-integrating machine of unparalleled efficacy. Like the US Republicans, the roots of its success lay in pragmatically and flexibly husbanding all right-of-centre voters into an integrated bloc at the ballot box, ruthlessly exploiting the tendency of first-past-the-post elections to crush divided oppositions.

Across all the general elections in Great Britain between 1900 and 1997 the Conservatives were usually the dominant bloc, with a mean vote of 44 per cent. With left-of-centre and centrist voters divided between Labour and the Liberals (later Liberal Democrats) this was enough to ensure that the Tories were in government four fifths of the time in the twentieth century. Margaret Thatcher similarly 'won' three general elections in a row with essentially standard Tory performances of 42 per cent, chiefly because of the fragmentation of her opposition, with internal Labour crises and the break-away presence of the Social Democrats boosting Liberal support.

Yet the most enduring political legacy of Thatcherism was to destroy the delicate internal balancing mechanisms of the Conservative party. By developing radical policies informed by neo-liberal ideas, and implementing them in a fashion that was deliberately confrontational, socially disruptive and divisive, this political project sowed the seeds of long-run cleavages that have since grown and multiplied. Some key roots of these conflicts might be traced to the PM's personality traits, magnified in office, as [Tim](#)

[Bale](#) and [Francoise Boucek](#) have argued in different ways on this blog. Gratuitously, without need, she alienated her leading colleagues and eviscerated Cabinet government, so that very soon ministers did everything they could to hide issues and policies from Number 10's view, and to settle issues amongst themselves. Where they could not, as with issues like football hooliganism or the poll tax, Thatcher's interventions sometimes contributed directly to enormous policy fiascos. But Thatcherism was never the creation of Margaret Thatcher alone, but rather of a whole set of powerful right-wing and principally finance market interests that achieved hegemony during her time in office.

The main focus of conflicts, however, was on European policy. Large-scale industrial and commercial business wanted then and still wants now a Britain at the heart of a huge European market of 500 million people. Yet the finance industry was more ambiguous and because of her nationalism Thatcher displayed mixed attitudes, signing the Single European Act, campaigning in the 1983 general election against Labour's pledge to withdraw, but later feuding with her Foreign Secretary and Chancellor for years on end over her nationalist rhetoric and her overt contempt for EU processes and integration.

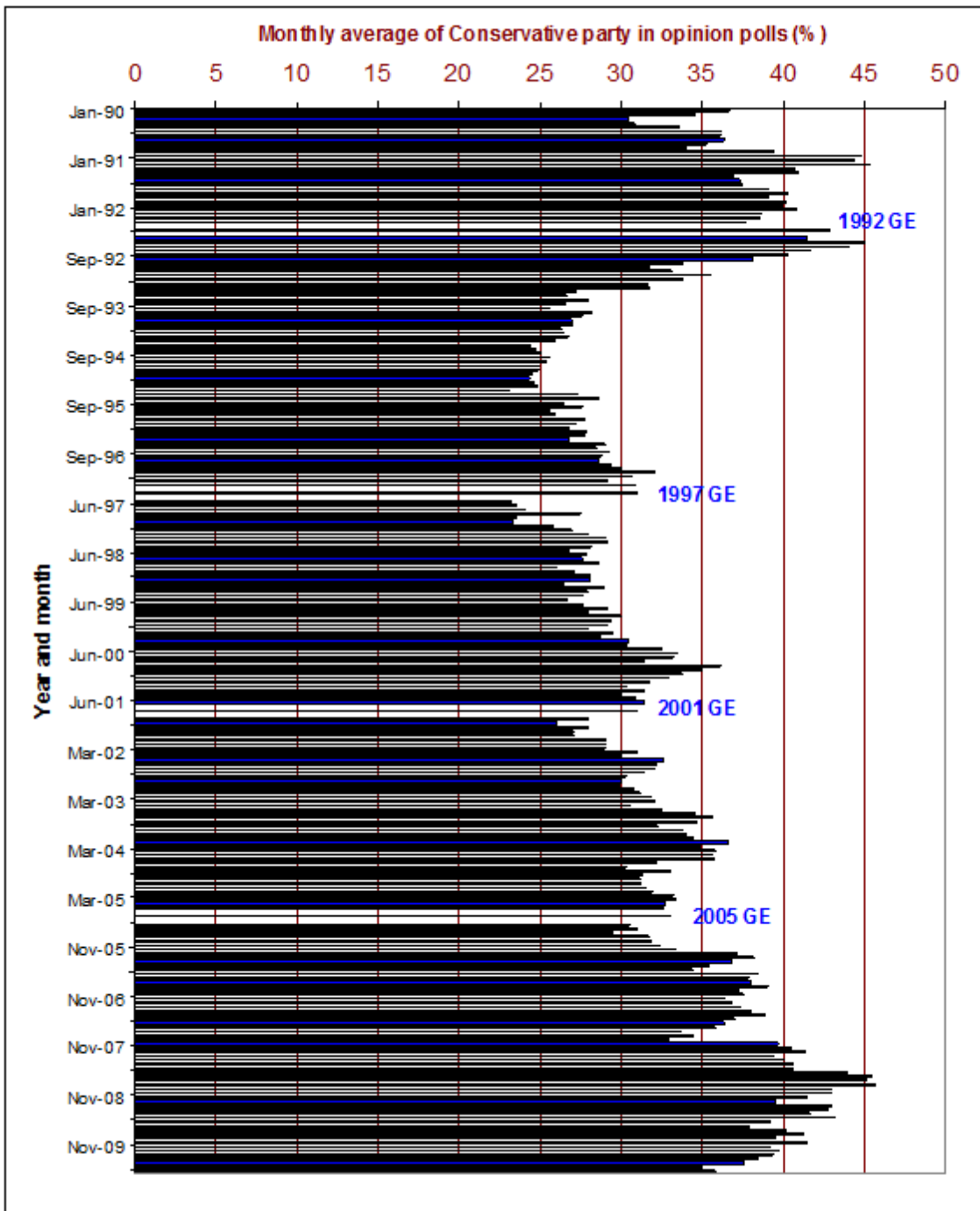
The second focus was Thatcherism's progressively more hard-line stance on implementing neo-liberal policies, with the enormous bonus of North Sea oil funding only a tripling of unemployment, so that the UK now has no equivalent of the state investment fund built up by the Norwegians in the same period. Increasingly too, the abrasiveness of neo-liberal ideologues made the Conservatives appear as the 'nasty party', at first leaving inner cities to rot unaided, later impoverishing the welfare-dependent, and presiding apparently unconcerned over nationwide waves of riots in 1981, 1985 and 1990.

Thatcher's fall from power over the poll tax and Europe exacerbated the lasting tensions that the wider Thatcherism project had already created. For Tory neo-liberals and Euro-sceptics a potent 'stab in the back' myth was created, in which a failure of nerve by cowardly Westminster elites unwilling to sustain the true faith brought about her downfall. For the Tory right the historical lesson drawn was the need for an increasingly virulent anti-Europeanism and a recommitment to anti-statism – welfare cuts, privatization and 'light touch' non-regulation in financial markets. These policies could not fit easily with the historical integrative role of the Conservative party, as the feuding under the Major government demonstrated.

Something dramatic happened to the Conservatives' pulling power in elections in the aftermath of Thatcherism, as my first Chart demonstrates. Beginning immediately after

'Black Wednesday' in autumn 1992, Tory support fell to just above 25 per cent in mid 1994, recovering only slightly under successive leaders competing against Tony Blair. After more than a decade of Tory failure, in the European elections in 2004 and 2008, two alternative parties of the right, UKIP (UK Independence Party) and the BNP (British National Party) took a quarter of the vote between them, with the Conservatives hard-pushed to achieve even 30 per cent support. A year after 2004, the Tories racked up a terrible 32 per cent in the 2005 general election. And two years after 2008, despite Gordon Brown's pushing down of the Labour vote, the Conservatives polled a disappointing 36 per cent. This time the swing of the pendulum failed to gift them a Commons majority and the party had to enter a coalition for the first time in fifty years.

Chart 1: Tory poll performance, 1990 to 2010

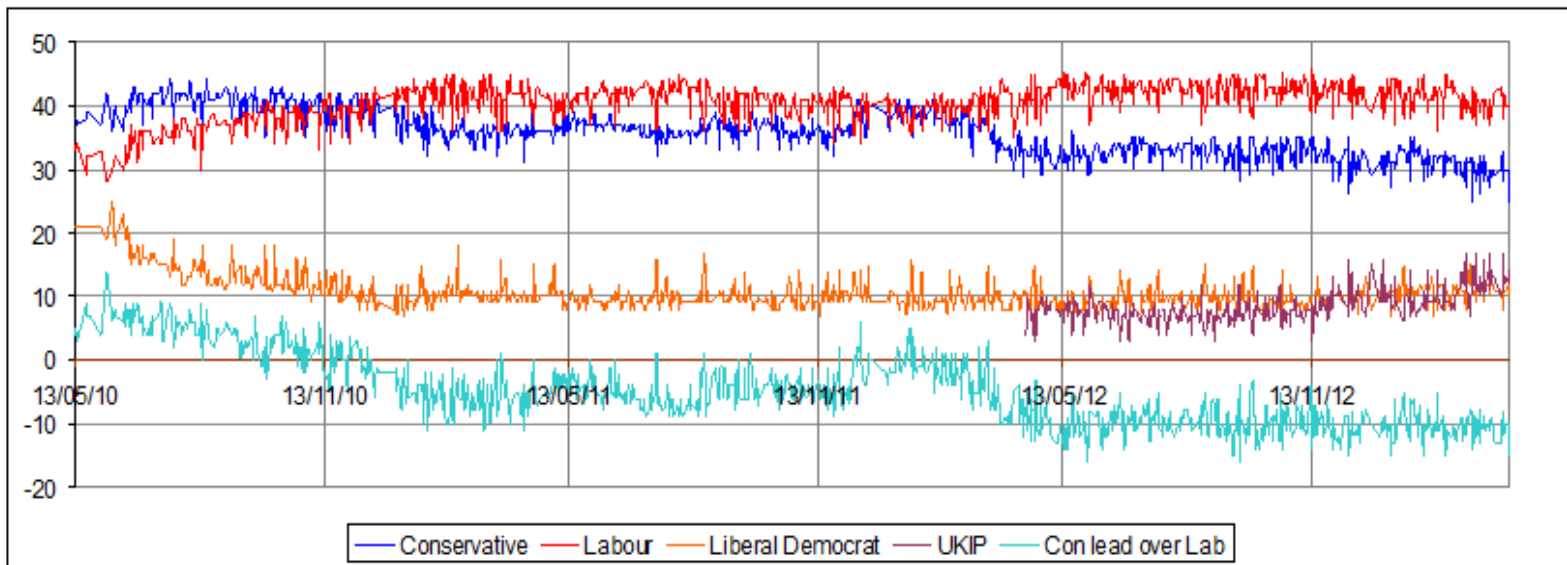


Source: Mark Pack database: <http://bit.ly/11mzfWy>

The sustained performance of the Liberal Democrats contributed powerfully to the Tory stasis in the noughties. But Clegg's entry into government in 2010 and endorsement of ill-fated austerity measures have now decisively stripped away all their left-of-centre

supporters, as my second chart below shows. At first, the Liberal Democrats looked like the coalition patsy, taking the blame for a preponderantly Tory government. But their support has now clearly stabilized at a lower base around 11-12 per cent, and their survival in council elections suggests that they might yet edge up a few points in a future general election campaign, attracting ‘responsible’, small ‘c’ conservative voters through their recent efforts at differentiation. Yet their left-wing support has gone, Clegg’s constitutional reforms have all failed, and the Liberal Democrats are identified with austerity policies – thus clearly right-of-centre now in their core identity.

Chart 2: The performance of British parties in the opinion polls since the 2010 general election



Source: UK Polling Report

For UKIP the disappearance of the BNP through internal feuding after 2008, the reinstatement of the astute Nigel Farage as UKIP leader after his disastrous absence in 2010, and the supportive background of the Euro crisis, have all helped boost regular poll ratings to unprecedentedly sustained heights around 11-12 per cent (alongside local council election successes). Aided by Cameron’s centrism and evident weakness as PM, the ‘Farragists’ have transformed UKIP into an authentic-looking heir to Thatcherism, appropriating especially its uninhibited nationalism, extreme market liberalism and unreasoned social conservatism in ways that take the party well beyond its old single-issue format.

The consequences of this two-way squeeze for Conservative support took time to become apparent, but they are now visible in Chart 2 above. As austerity policies have made recession worse, prolonging spending cuts possibly to 2020, Tory poll ratings have drifted down to just over 30 per cent, and more than a few polls now have rated the party at 28 or 29 per cent – fully 15 points below their twentieth century general election mean.

The next general election

Thanks to vigorous Conservative opposition to the Alternative Vote in 2011, the split of the right-of-centre vote now threatens to pitch all parties of the right into the severe under-representation that any first-past-the-post electoral systems keeps waiting for divided parties. For UKIP, the possibility is that they may poll record votes at an election in 2014 or 2015, and yet win not a single Westminster seat. For the Liberal Democrats it is hard to see more than half at best of their current 57 MPs surviving.

And for the Conservatives, unless they can squeeze or partner with one of their rivals, just getting back to the 36 per cent support of 2010 will be tricky. So current crude forecasts (using unified national swing) posit a Labour majority of 90 to 110 seats. Of course, the government may hope for some improvement in the economy and float up a little in the polls by 2015. Yet if a Labour victory still eventuates, it will be clear that the lasting legacy of Thatcherism was to fragment the centre-right of British politics, in the process perhaps gifting Ed Miliband with a 1997-like landslide of MPs.

About the author

Patrick Dunleavy *is Professor of Political Science and Public Policy in the Government Department at the London School of Economics.*

Margaret Thatcher maintained a difficult relationship with Europe, but she was far from a figurehead for Euroscepticism

Published: 17 April 2013

*The funeral of Margaret Thatcher, the former British Prime Minister, is due to be held in London today. Reassessing her impact on Britain's relationship with Europe, **Iain Begg** argues that she maintained a far more nuanced position on Europe than is commonly recognised. The image of a staunchly Eurosceptic Prime Minister is at odds with her support for the single European market and her assertion, in her 1988 Bruges speech, that the UK's destiny is to be inside the European Community.*

Margaret Thatcher is seen today as having been staunchly Eurosceptic and to have been hostile to the European 'project'. Her Bruges speech in 1988 is widely cited as having articulated a vision for Europe that was incompatible with what other Member States wanted, notably the statement that 'we have not successfully rolled back the frontiers of the state in Britain, only to see them re-imposed at a European level with a European super-state exercising a new dominance from Brussels.' This is widely interpreted to be anti-federalist and hostile to the centralisation of power promoted by Jacques Delors, the then President of the European Commission.



Margaret Thatcher (Public Domain)

Yet a dispassionate assessment of her relations with the European Union reveals a much more nuanced picture. Even in the Bruges speech, she repeatedly stresses the importance for Europe of 'trying to speak with one voice' and argued that 'Europe is stronger' when it works together in areas such as trade or defence. In a sentence that anticipated the demise of Soviet hegemony in Eastern Europe, she also reminds her audience, to 'look on Warsaw, Prague and Budapest as great European cities'.

Certainly, in the end, it was Europe that led directly to her downfall in November 1990. She had been increasingly at odds with senior members of her government over the direction UK policy should take towards monetary integration. A running battle between her own economic adviser, Alan Walters, and the Chancellor of the Exchequer, Nigel Lawson over exchange rate policy culminated in both resigning in October 1989. The UK subsequently joined the EU's exchange rate mechanism in October 1990, a decision that she was reported to have been unable to resist, partly because her political stock had fallen as a result of opposition to her plans for a poll tax.

Barely a month later, she returned from a European summit meeting in Madrid that had been discussing plans for monetary union and made what became one of her most iconic speeches in the House of Commons. 'No, no, no', she said, to the visible dismay of Geoffrey Howe, the deputy Prime Minister, and one of her most senior and previously loyal supporters. He then also resigned and made what was one of the most devastating resignation speeches, which precipitated Thatcher's fall from power.

Yet there is considerable irony in the fact that the European Union of today has been substantially shaped by Mrs Thatcher's policies. It is, first, easily forgotten that she was a minister in the government that took the UK into Europe in 1973, and that she subsequently campaigned on the 'yes' side in the referendum held in 1975 to validate UK membership of the then European Economic Community.

The Thatcher government was, moreover, one of the leading supporters of the single European market that was progressively put in place from the mid-1980s. Indeed, the European Commissioner who led the programme to complete the internal market, Lord Cockfield, was a Thatcher appointee who clearly shared her views on the importance of market principles. It could be that one of her most enduring legacies is the unwavering support for the single market as the cornerstone of European integration, despite the turmoil of recent years, and the wave of market-orientated reforms across the continent.

It has become part of the Thatcher myth that she never quite understood what she had signed up for in the Single European Act of 1986, and did not foresee the regulatory

measures that would be imposed by 'Brussels' on an unsuspecting Britain. In his contribution to the valedictory debate in the House of Commons last week, Sir Tony Baldry M.P. commented that 'while Margaret had succeeded in making the single market work much better, she was no longer able as easily to threaten to exercise a UK veto, and I think in time she found that very frustrating'. Maybe so, but it is hard to believe that someone so meticulous in her work would make such a blunder. One of her former private secretaries once told the story of her running down the stairs at 10 Downing Street, waving a copy of the Act, saying 'I've read it; I've read every word'.

Similarly, the fact that the EU enlarged to bring in ten countries from central and eastern Europe, with another (Croatia) due to join later this year, is at least in part a result of the approach the Thatcher government took to confronting the Soviet Union and ending the cold war. It is no coincidence that some of the warmest eulogies for Mrs Thatcher last week came from ordinary citizens in countries like Poland. Paradoxically, she (along with François Mitterrand, the French President), resisted the unification of Germany, and comments following her death from the then German leader, Helmut Kohl, testify to the friction this caused.

Indeed, there is no doubt that Mrs Thatcher made life difficult in many ways for her fellow European leaders, often blocking what others regarded as necessary changes. From a UK perspective, she secured a considerable success in renegotiating the European budget to secure 'my money back' in 1984 through a rebate. But the outcome has been that EU budget negotiations are now one of the most difficult of all, and that the EU budget is so resistant to reform that it does not fulfil an effective role in European economic governance.

Domestically, in the years that followed her 'political assassination', the schism over Europe haunted the Conservative party, although it remained in government until 1997. Political disputes over Europe continued to divide the government of Thatcher's successor, John Major, who was once memorably described by Norman Lamont, the Chancellor who presided over Britain's ejection from the exchange rate mechanism in September 1992, as 'being in office but not in power'.

Even today, much of the debate on Britain's place in Europe is influenced by the Thatcher legacy and many now either fear or hope that the forces she unleashed will lead to Britain leaving the EU. Yet both sides overlook a key sentence in the Bruges speech: 'Our destiny is in Europe, as part of the Community.'

About the author

Iain Begg is a Professorial Research Fellow at the LSE European Institute. His main research work is on the political economy of European integration and EU economic governance. He has directed and participated in a series of research projects on different facets of EU policy and his current projects include studies on the governance of EU economic and social policy, the EU's Lisbon strategy, the social impact of globalisation and reform of the EU budget. Other recent research projects include work on policy co-ordination under EMU and cohesion policy.

Margaret Thatcher's rejection of consensus was symptomatic of an anti-democratic tendency in a political system dominated by the executive

Published: 25 April 2013

*One of the positions receiving widespread agreement in the ongoing debate about the legacy of Margaret Thatcher has been that she was a politician who rejected consensus. **Martin Smith** reflects on this claim, taking issue with the underlying assumption that this was a virtue of the former Prime Minister. He argues that this hostility towards consensus has important implications for democracy and policy which have tended to be overlooked.*

Of the many obituaries and reflections on Margaret Thatcher's premiership, the notion that seems to have been met with most approval is the idea that she rejected consensus and stood up for her beliefs. As she said in a speech:

"The process of abandoning all beliefs, principles, values, and policies in search of something in which no one believes, but to which no one objects; the process of avoiding the very issues that have to be solved, merely because you cannot get agreement on the way ahead. What great cause would have been fought and won under the banner: 'I stand for consensus?'"

Her rejection of consensus is seen as a reflection of her leadership and her ability to stand by principles, unlike the modern day political leaders driven by opinion polls and focus groups. Indeed, for Tony Benn her saying and doing what she believed was an indication of her authenticity as a leader.

Yet, in all this approval of her forthright beliefs, little or no thought has been given to the democratic and, indeed, policy implications of this approach. What her approach illustrates is the problematic relationship of the British political system to democracy. In Britain the Executive dominance of the government and parliament means that the Prime Minister has considerable power over winning an election (especially if they win a large majority of MPs) but they can do so without the support of a majority of voters (majoritarianism with a majority). However, in the period of 1945-1979, whilst there were considerable differences between Labour and Conservatives, they broadly accepted the post-war settlement based on a compromise of welfare and capitalism. This compromise was the basis of social peace, as Keith Middlemas pointed out. Neither party had sufficient support to impose a radically different political economy on the country; they did not have the legitimacy for either a socialist or free market state. In

fact, although Labour lost the election in 1951, they won the largest share of the vote, illustrating the precarious position of the Conservative Government and the need for compromise in order to retain support and legitimacy.

Thatcher on the other hand saw the cosy consensus as a result of politicians (as public choice theory would suggest) kow-towing to special interests and raising the welfare burden on the state. It needed determination and strong leadership to break the post war settlement and undermine the trade unions so freeing the economy and reducing the expectations and dependence on the state. As she said in her memoirs, she had no intention of changing course despite the strength of opposition.

Yet this commitment to a unitary perspective raises questions about both democracy and effective policy making. The problem is that that British electoral and political system gives a strong political leader considerable power without having the support of a majority of the electorate. In 1979, with the smallest majority of her time in office, Thatcher won 44 per cent of the vote and it was just over 42 per cent in 1983 and 1987. Indeed the landslide of 1983 is seen as a reflection of her convictions over the Falklands when in fact the percentage vote went down.

Thatcher, then, could impose her convictions without winning a majority of the vote. There was a lack of legitimacy to her policies because they were imposed without consensus and this may account for some of the divisiveness around her premiership and indeed around her funeral. Thatcher did not have the support to impose the policies she supported in many areas and of course this is illustrated by the continued divisions between the North and South of the country and probably in particular for the growing nationalist feeling in Scotland. The dangers of this approach are illustrated by the characterisation of striking miners as 'the enemy within'. In doing so an opposition group were defined as outsiders and, dangerously, their rights as citizens were compromised. The notion that opponents are enemies does not sit easily with a democratic polity.

It is also possible to argue that the opposition to consensus also led to bad policy decisions. Many people would recognise that there was a need for economic reforms in the 1970s and that in particular there needed to be some challenge to the trade unions and increased flexibility in the labour market. Yet the way these reforms were imposed without consultation or compromise – or without the need to take account of different social and geographical interests – has meant that the changes introduced by the Thatcher government have continued to have a devastating effect on communities in many parts of the country today. Council estates in the North of England which suffered the combined impact of de-industrialisation and council house sales are still reeling from the effects of the policies of the 1980s. What were relatively well functioning communities within the terms of the cosy consensus of the post war world are now the sink estates of problem families; and the sites of continuing costly interventions attempting to solve problems of long-term unemployment. If there had been more consensus and less conviction may be the social transitions of the 1980s and 1990s could have been handled in a less damaging way and may have produced economic change without destroying the manufacturing base.

It is also true that conviction did not, ultimately, serve Margaret Thatcher very well. Her commitment to the poll tax and her intransigence in the face of the European community led to a loss of support amongst the voters and her own cabinet. That fact that she was unwilling to compromise and listen to the evidence arguably led to her demise. Had she compromised she may have survived and she may have won the election in 1992.

So to me Thatcher's rejection of consensus is not something to be admired but rather it was a dangerous, anti-democratic tendency in an Executive dominant political system. The problem is that Thatcher rejected the cosy elite view of consensus, perhaps rightly given that it too is undemocratic, but she did not put another legitimising mechanism in its place. Politicians need a way of building broad support if they are to retain the support of the citizens and adversarial politics breed cynicism. If there was not a willingness to reform the electoral system there had to be another way of institutionalising pluralism.

The failure to build consensus creates zero-sum politics with clear losers who feel resentment and it produce policy change as the result of dogma rather than evidence. The absence of consensus or a pluralistic political system is illustrated in Venezuela where electoral outcomes are disputed and one group feels excluded by electoral victory. Or, increasingly, in the United States where the differences between the Republicans and Democrats are growing so wide that politics is losing its centre. Consensus should be lauded as a political good; as a way of compromising between different interests and creating a politics that is above all civil in recognising the rights of all in a political system. Good leadership is based on building consensus not imposing conviction.

About the Author

Martin Smith is Anniversary Professor of Politics in the Department of Politics at the University of York.

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- facilitate the sharing and exchange of knowledge between experts within and outside universities; and
- open up academic research to increase its impact.

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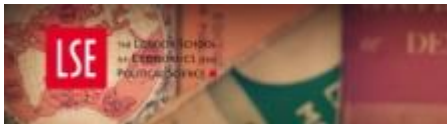
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