

Civilisation britannique XIX^{ème} – XX

CHAP 8: The end of the post-war consensus

➤ From 1951 to 1979

- CONS marginal victory over Labour in 1951
- in power for 13 years
- the social and economic policies of the 1945–51 Labour government = a pattern that was largely followed
- the period 1964–79: consensus politics.
- successive Labour (1964-1970; 1974-1979) and Conservative governments = very similar policies.
- Edward Heath's government (1970-74) = brief attempt to diverge from the consensus
- economic problems > 1973: first oil crisis
 - OPEC - price of its oil exports
 - rapid and severe inflation throughout the industrial world.
 - in the decade after 1973, severe recession.

➤ The 1979 election

- LAB government at the time of the 1979 election = damaged
 - economic and financial crises
 - rising unemployment
 - belligerent trade unionism
- opportunity for the Conservatives, under their new leader, Margaret Thatcher
- not so much a matter of the Conservatives winning the election as Labour losing it

- for a significant portion of the electorate = accurate assessment of Labour's record.



- the Labour government: not swept from power by an angry electorate
- Conservatives: comfortable majority of 70 seats over Labour and a majority overall of 43 seats
- enough to allow Mrs Thatcher to take office and embark on a revolution

2.8.1. The Thatcher revolution: 1979-1986

- **Key issues:**
 - What was Thatcherism?
 - What did M. Thatcher understand by the post-war consensus?
 - In what sense was M. Thatcher an economic revolutionary?
 - In what ways was M. Thatcherism a reversal of Keynesianism?

A. Thatcherism

- a strong aversion to the consensus politics
- influence: the ideas of Friedrich Von Hayek (Austrian economist)
 - major critic of the Keynesian economic policies and of the notion of state direction of the economy.
 - the proper role of the state: to provide the conditions of liberty in which individuals were free to make their own choices.
 - strong supporter of the free market = the best guarantee of economic and political liberty.

- Thatcher's government = part of the '**new right**'.
- critical of the previous LAB and CONS governments:
 - encroached upon the free market
 - subsidised private and public companies
 - permitted the undemocratic growth of trade union power.
- the result of the consensus:
 - inefficiency and low growth,
 - welfare system > dependency culture
 - hard-working members of society subsidising the workshy.
 - initiative > stifled.

B. Thatcher's economic revolution

- policy of radical change
- three economic objectives:
 - the overall strategy of reversing Britain's economic decline.
 - all policies > carefully costed
 - fundamental change of direction
- changing the economic basis on which Britain was run.
- part of her programme to end the consensus politics

- the most serious problems:
 - high levels of government spending > borrowing, excessive taxation and inflation
 - unnecessary government interference
 - a combination of weak managements and powerful unions > a continual increase in wages and salaries but a decline in productivity > inflation and lack of competitiveness.
- the basis of all her efforts = the restoration of the **free market** to replace the Keynesian system
- = 'taking government off the backs of the people'

- by 1982 the mounting, social and economic problems
- threat to M Thatcher's continuance in office
 - rise of unemployment rose every year after 1980
 - little economic growth
 - start of an economic recession.
- in 1982: reversal = the Falklands crisis
 - legal ownership of the islands
 - M Thatcher > war leader.
 - regained a popularity (sometimes referred to as 'the Falklands factor')



THE Sun

Friday, May 4, 1982 14p TODAY'S TE: Page 12

QE2 IS SET TO SAIL FOR WAR

QUEEN ELIZABETH 2
SAILING FOR WAR
The ship will be the first to sail for war since the Second World War.

We told you first

QUEEN ELIZABETH 2
SAILING FOR WAR
The ship will be the first to sail for war since the Second World War.

GOTCHA

SUNK

400 Argentine boats like this one were sunk by British Royal Navy helicopters after first opening fire on our jets

Our lads sink gunboat and hole cruiser

CRIPPLED

1000 Argentine cruiser General Belgrano... got hit by British torpedoes after our jets opened fire on our jets

From 1982, British planes sank 1000 Argentine ships. The Navy had the Argosies on their knees last night after a devastating double punch.

BATTLE FOR THE ISLAND

THE BATTLE FOR THE ISLAND

UNION BOYCOTTS WAR

5,000,000 unionists in both the Republic and the UK have vowed to boycott the Argentine goods and services. The unionists say they will not buy anything from the country until it withdraws its troops from the Falklands.

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£50,000 BINGO! Today's lucky numbers are on Page 20

C. The Miners' Strike 1984–5

- subsidies for ailing industries = against TM's economic policy
- at the heart of the government's dispute with the miners,
- coal increasingly costly and difficult to mine.

➤ **The government's case for pit closures**

- unwillingness to spend further public money
- industry with little real chance of being able to recover
- hard measures: necessary.

➤ **The miners' case against closures**

- proper investment programme > large parts of the British coal industry still had a profitable future.
- social consequences of widespread pit closures > South Wales, Yorkshire and Durham = whole communities were dependent on it

Striking miners at Cadley Hill

Source:

<https://www.derbytelegraph.co.uk/news/nostalgia/derbyshire-striking-miners-union-leader-329595>



➤ Bringing trade unions to heel

- lasted a year
- violent clashes between striking miners and the police ('Battle of Orgreave')
- anticipating a prolonged strike = careful plans
- two Employment Acts in 1980 and 1982
 - reducing union power
 - forbade mass picketing
 - outlawed the 'closed shop'
 - industrial action illegal without vote in a formal union ballot.
 - weakened the miners' legal defenses

2.8.2. The Second Stage of the Thatcher Revolution

still part of her broad programme for establishing the free- enterprise economy.

A. Deregulation

- a critical move towards the free-enterprise economy
- a concerted effort to remove the financial and legal restrictions
- **finance:** credit and exchange controls abolished
- **transport:** bus companies (competition)
- **education:** schools entitled to opt out of the state sector (responsible for their own financing)
- **hospitals:** taking control of their own finance and matching needs to resources
- **housing:** right to buy the homes they were renting for Council house tenants

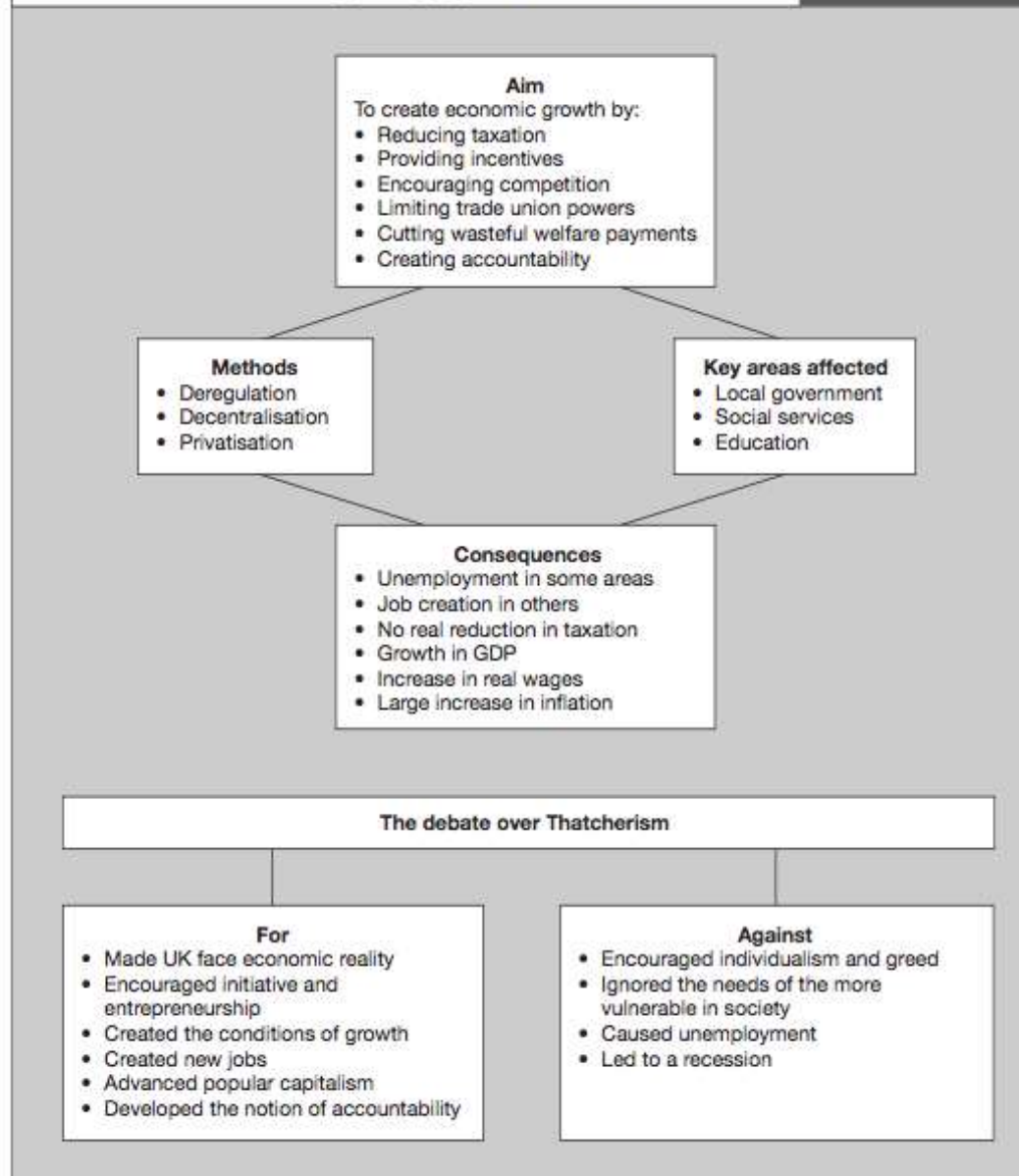
B. Privatisation

- providing the Treasury with large additional funds,
- increasing 'popular capitalism' (greater number of ordinary people > to become shareholders)
- 50 enterprises sold off
- the largest
 - British Airways
 - British Steel
 - British Coal
 - Cable and Wireless
 - British Telecom
 - regional electricity and water boards.

C. The debate over Thatcher's revolution

- necessary modernising process
- necessary for British industries to shed the wasteful practices and overmanning
- streamlining and cost-effective techniques = higher productivity
- little comfort to those who had experienced redundancy and lost their jobs

Summary diagram: The Thatcher revolution: the second stage. Supply-side economics



Michael Lynch, *Britain: 1945-2007*, Hodder Education, 2011. p.138

2.8.3. Margaret Thatcher's Legacy

A. The Fall of Margaret Thatcher 1990

- late 1980s: MThatcher's personal popularity = all-time low
- growing number in her party > could they win the next general election
- leading member of the CONS = open challenge for the leadership
- M Thachter lost and resigned
- John Major was appointed leader of the CONS

B. Post-Thatcher Britain

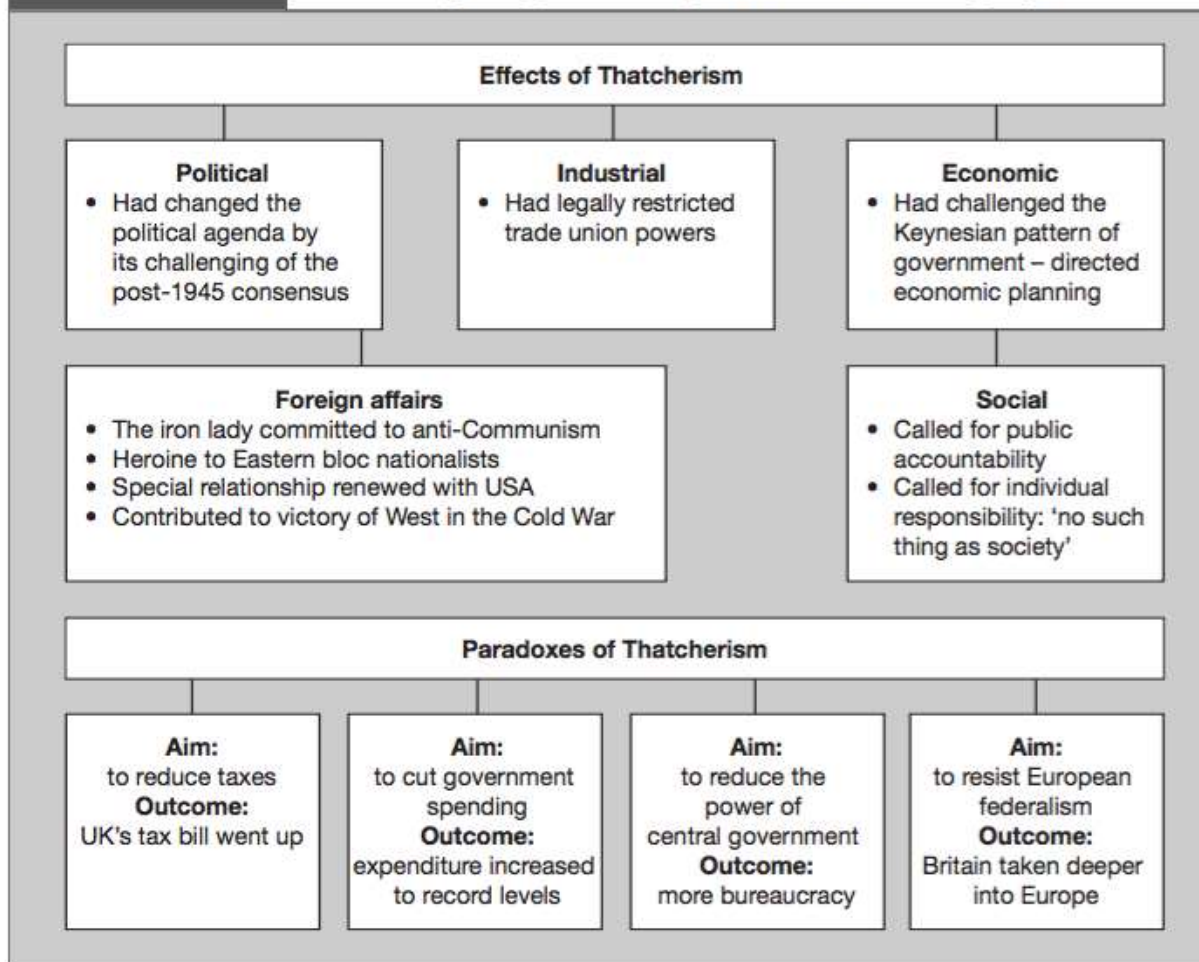
➤ Achievements

- huge significance = changed the political, economic and social agenda of British politics
- the chief features of Thatcherism > all subsequent governments: either a continuation of or a reaction against it:
 - the abandonment of consensus politics
 - replacing Keynesianism with the free market
 - reducing the power of the state and government interference
 - limiting the power of the trade unions
 - making local government answer more directly to people's needs
 - restoring the notion of social accountability

➤ Contradictions

- TAXATION: Britain's tax bill went up under her leadership
- GOVERNMENT SPENDING: public expenditure at record high in 1990
 - largely because of unemployment = paying for social security and other welfare benefits.
- REDUCING THE POWER OF CENTRAL GOVERNMENT: in practice broadened and increased it
 - more government departments and more civil servants in 1990 than there had been in 1979.
- EUROPE: appeared to be anti-European but she took Britain deeper into Europe

Summary diagram: Margaret Thatcher's legacy



Michael Lynch, *Britain: 1945-2007*, Hodder Education, 2011. p.162

- deeply controversial policies
- YET the governments that came after her, those of John Major (1990–7) and Tony Blair (1997–2007), were profoundly affected by what she had done