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The Great Wave: Margaret Thatcher, The Neo-liberal Age, and the Transformation of Modern Britain

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Abstract

Margaret Thatcher was Prime Minister of Great Britain from 1979-1990. During this period she implemented policies that profoundly changed British society, politics, and its economy through neoliberal policies. This work seeks to analyze those policies and its impact on Great Britain. From Thatcher's economic policies of neoliberalism, social policies toward the unemployed, and her foreign policy of national reinvigoration, this work seeks to provide a panoramic analysis of Thatcher's premiership and its long term impact on Britain. This work will also seek to argue that Thatcher and her policies were both revolutionary in their thinking and contributed to realigning British political thought. It is because of this these profound changes that these policies were so controversial as it shaped the modern political debate within Great Britain as this work seeks to demonstrate. This work will also argue further that Thatcher's policies and their impact are still being felt today in Britain and will likely continue to do so due to the sheer transformative nature of those policies this work will analyze.

Keywords

Margaret Thatcher, Great Britain, Neoliberalism, British Conservatism

Disciplines

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Comments

Written for History 319: Europe Since 1945.

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John Zak

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Professor Bowman
History 319
May 1, 2020

I affirm that I have upheld the highest principles of honesty and integrity in my academic work and have not witnessed a violation of the honor code.

Perhaps no premiership since Winston Churchill has had such a consequential impact on British society than that of conservative Prime Minister Margaret Thatcher. During her premiership lasting from 1979-1990, her Conservative government enacted reforms that resulted in immense transformations in the British economy, its foreign policy, and society that have long outlasted her premiership. It is because of such a consequential and polarizing premiership that a variety of scholarship exists examining Thatcher's policies and its impacts on British society. The importance of Thatcherism and its ideology of neoliberalism is also important to analyze as it continues to influence British politics today. Therefore, reading and analyzing the variety of scholarship regarding Margaret Thatcher is critical to gaining a complete understanding as to how she transformed major aspects of British society.

Bob Jessop has examined Thatcher in the context of Thatcherism as an ideology and the impact of her broader legacy on contemporary British politics and society. Jessop has argued that Thatcher and Thatcherism emerged in the 1970s as a symbol of opposition to the post-war collectivist and Keynesian consensus that led to the creation of the British welfare state. Thatcher's successful challenge in the mid 1970s for leadership in the Conservative Party that overthrew former Prime Minister and follower of the collectivist consensus Edward Heath was a watershed moment for Thatcherism and British politics.¹ This was because the Conservative Party could now be used as a vehicle for Thatcher to advance neoliberal policies such as lower taxes and public spending, privatization of state owned industries, and restricting the power of trade unions. This was meant to roll back the British welfare state and spark an economic

¹Bob Jessop, "Margaret Thatcher and Thatcherism: Dead but Not Buried," *British Politics* 10, no. 1 (May 2015): 16–30. <https://doi.org/10.1057/bp.2014.22>.

revival in Britain.² Once Margaret Thatcher came to power in 1979 she now had the opportunity to test these neoliberal economic policies. Jessop has argued that these neoliberal policies triggered short-term economic growth during the 1980s, but overtime did much to enlarge inequality and changed British politics. Thatcher's policies of restricting the power of trade unions, her support for finance capital, and banking deregulation benefited different regions of Britain disproportionately. This enlarged geographic inequalities in terms of living standards and development in the country.³ London and southern England in particular Jessop argues benefited from Thatcher's neoliberal economic policies, as the country's service and banking industries were largely concentrated there which caused the regions to benefit more from finance capital and liberalized trade policies. The more industrial and trade unionist Welsh, Scottish, and northern English regions in contrast were hit hard by Thatcherite policies. Acts such as restricting trade union influence and privatizing major industries accelerated the process of de-industrialization in these areas. This enlarged geographic inequalities in Britain and led to intensified feelings of economic deprivation in the country that exist to this day.⁴ This north-south phenomenon in British politics and society Jessop argues is largely a legacy of Thatcher's neoliberal policies.

Bradley Bateman has argued that Thatcher's economic policies were the representation and first example of a global neoliberal economic movement that reshaped the world economy in the 1980s. When Thatcher came to power in 1979, the decade had been defined by what became

² Jessop, "Margaret Thatcher and Thatcherism," 19-20.

³ Ibid., 25.

⁴ Ibid., 25.

known as stagflation. This was a combination of stagnant economic growth and high inflation that depressed living standards and eroded the value of pensions and savings. Thatcher believed this to be the culmination of the unsustainable welfare state and the collectivist post-war consensus.⁵ Thatcher thus opted to take another economic course that Bateman argues provided a model for other neoliberal governments to implement market reforms such as Ronald Reagan in the United States and Deng Xiaoping in China during the 1980s. One notable policy was the one of monetarism designed to combat inflation. This involved high interest rates and tight monetary policies intended to reduce inflation. This was notable at the time because it contrasted with the Keynesian economic model that guided post-war British governments and encouraged public spending as a means to promote growth, however the inevitable result of this stimulus spending placed inflationary pressure on the government. Thatcher's policy of monetarism reduced inflation in the long term, however it led to the reduction of social spending that exacerbated the sense of economic destitution in Britain. This was especially the case in the period between 1979-1982 when unemployment and inflation in Britain remained stubbornly high.⁶ Thatcher's determination to see monetarism succeed however Bateman argues kept the global neoliberal movement alive, as overtime tight monetary policies reduced inflation and encouraged economic growth. This as a result reduced unemployment and led to the apogee of Thatcher's economic success between 1982-1987.⁷ Bateman argues this served as both an inspiration and as a model

⁵ Bradley W. Bateman, "There Are Many Alternatives: Margaret Thatcher in the History of Economic Thought," *Journal of the History of Economic Thought* 24, no. 3 (2002): 307–11. <https://doi.org/10.1080/104277102200004758>.

⁶ *Ibid.*, 309.

⁷ *Ibid.*, 309.

for the other neoliberal governments previously mentioned to implement market-oriented and monetarist economic policies that left the world much more economically interconnected by the end of the 1980s. The fact this neoliberal revolution started with Thatcher attests to her legacy and influence on global economic policy during her premiership and beyond.

Paul Sharp has argued the importance of Margaret Thatcher's foreign policy and how it revived Britain's confidence in itself and created optimism toward the future. In the aftermath of decolonization and the relative economic decline of Great Britain during the 1970s, Thatcher made the theme of restoring Britain's role as a major global power central to her foreign policy platform. Thatcher had the first opportunity to do this in the 1982 Falklands War. Following the occupation of the islands, part of the British Empire, by Argentina, Thatcher led Britain in a successful effort to reclaim the islands and expel the Argentinians.⁸ This cemented Thatcher's image as the "Iron Lady" and demonstrated that Britain still possessed capability of projecting military power as a major global actor. Thatcher also emerged as a critic of integration during the 1980s, posing as a guardian of British interests and arguing that increased efforts at integration would dilute British sovereignty.⁹ Sharp argues that Thatcher's euro-skepticism contributed to her eventual downfall in 1990. This was because her nationalist critique of integration efforts alienated many European leaders and left Britain diplomatically isolated. Thatcher's foreign policy of national revival was also significant because it foreshadowed what would become the basis of the post-Cold War international order, foreign policy reflecting nationalism and identity

⁸ Paul Sharp, "Thatcher's Wholly British Foreign Policy," *Orbis* 35, no. 3 (1991): 395–411.
<http://ezpro.cc.gettysburg.edu:2118/ehost/detail/detail?vid=0&sid=3014db80-793c-45ed-a48e-58e720fe2a0b%40pdc-v-sessmgr05&bdata=JnNpdGU9ZWwhvc3QtbGl2ZSZzY29wZT1zaXRI#AN=9108191378&db=aph>

⁹ *Ibid.*, 409

rather than ideology.¹⁰ Thatcher's foreign policy is relevant to contemporary British politics because it elevated euro-skepticism into the mainstream of the Conservative Party, culminating in the country's 2016 decision to leave the European Union and the subsequent events that have destabilized modern British politics.

In conclusion, a diverse field of scholarship exists analyzing a wide array of Thatcher's policies and how they have impacted Great Britain. Due to the consequential nature of Thatcher's premiership and diverse field of scholarship available, this work seeks to provide a panoramic analysis of Thatcher's rule and how her economic, foreign, and social policies fundamentally transformed British society in a manner that is evident in contemporary Britain.

The 1970s in Great Britain were a somber period for a once global superpower. In the aftermath of decolonization coupled with the economic troubles Britain faced during this period, the sense of national decline was particularly acute. Economic problems such as high unemployment, stagnant economic growth, and inflation exacerbated by the energy crisis impacted Britain more severely than in the rest of Europe during this decade. Median unemployment in Britain during the decade stood at ten and half percent, much higher than in countries such as France, the Netherlands, Italy, and West Germany which managed to keep unemployment below ten percent during the tumultuous decade. Unemployment in Britain managed to peak to three point-four million Britons by the end of the decade, a figure not seen since the 1930s Great Depression era.¹¹ It was in the context of this protracted economic crisis in

¹⁰ Sharp, "Thatcher's Wholly British Foreign Policy," 411.

¹¹ Bernhard Rieger, "Making Britain Work Again: Unemployment and the Remaking of British Social Policy in the Eighties," *The English Historical Review* 133, no. 562 (2018): 634–66. <https://doi.org/10.1093/ehr/cey087>.

Britain that Margaret Thatcher was elected Prime Minister in 1979. Thatcher sought to implement consequential reforms that signaled a radical new course that was intended at alleviating Britain's economic woes and reversing its national decline. Thatcher sought to do this by tempering the excesses of what she saw as Britain's unsustainable post-war welfare state and through a regimen of neoliberal economic and social policies spark a national revival in Britain. The policies her government implemented left an immense mark on British society that left the country radically different than before she had come to power. Therefore, Margaret Thatcher and her premiership triggered fundamental transformations in the British economy, society, and its foreign policy. Those legacies continue to have a lasting impact on British politics and society to this day.

Once Thatcher was elected into power, she prioritized addressing Britain's economic problems that had plagued the country over the past decade. She sought to do this by pursuing a neoliberal agenda of reduced taxes and public spending, privatization of state-owned industries, restricting the power of trade unions, and tight monetary policies to reduce inflation. Thatcher pursued this agenda because she attributed Britain's national decline to the Keynesian and collectivist composition of the British economy that she believed eroded individual ingenuity and stifled economic growth overtime.¹² Thatcher first sought to address the crippling level of inflation occurring in Britain during this time. This was because the double-digit inflation in Britain was stifling growth and depressing living standards by raising prices and eroding the value of pensions and savings. Thatcher sought to address inflation by implementing monetarist

¹² Earl Reitan, *The Thatcher Revolution: Margaret Thatcher, John Major, Tony Blair, and the Transformation of Modern Britain* (Oxford: Rowman & Littlefield Publishers, 2003), 241.

economic policies. These policies included high interest rates and tighter monetary policies that were controversial as they hurt borrowers and initially exacerbated the sense of economic destitution in Britain during the early 1980s.¹³ Thatcher however believed stabilizing the monetary supply and reducing inflation was necessary to strengthen currency overtime and create an environment where economic growth and investment could flourish. These monetarist policies did contribute to reducing inflation during the 1980s, as inflation decreased from its peak of twelve percent in 1982 to just three point-three percent in 1987.¹⁴ Through monetarism Thatcher had set a new precedent in British economic policy. Thatcher had rebuked the dominant post-war Keynesian theory in British economic policy that higher levels of public spending and inflation were a desirable goal. This was significant because it demonstrated that a major tenet of the neoliberal agenda could succeed in the right circumstances and inspired other governments to undertake these efforts both globally and in Britain during the 1980s and beyond.

Thatcher's monetary policies coupled with her determination to reduce taxes and regulations to encourage economic growth were also controversial. This was because such a policy was viewed as favoring the wealthy and that tax cuts would inevitably have to be paid for by reducing spending on social programs. Thatcher however argued that reducing taxes and regulations would incentivize companies to hire, reducing unemployment and increasing investment that would encourage economic growth overtime. During the course of the 1980s, these policies did lead to economic growth that reduced unemployment overtime.

¹³ Bateman, "There are Many Alternatives," 308-309.

¹⁴ Brian Towers, "Running the Gauntlet: British Trade Unions under Thatcher, 1979–1988," *ILR Review* 42, no. 2 (1989): 163–88. <https://doi.org/10.1177/001979398904200201>.

Unemployment in Britain fell from an alarming three point-four million jobless in 1982 to two point-nine million by 1986, with unemployment reaching a decade old nadir in 1990 with one-point six million jobless.¹⁵ This was a considerable accomplishment for Thatcher's government as high unemployment was a major source of the country's economic woes. The growth of the service industry in the 1980s can also be attributed to creating new job opportunities that along with Thatcher's favorable tax and regulatory policies propelled its rise that expanded hiring opportunities and reduced unemployment. GDP growth was also productive during Thatcher's premiership as GDP grew sixteen percent from 1979-1987 until peaking at five percent annual growth in 1988.¹⁶ This served as an indicator that Thatcher's neoliberal policies were encouraging investment, hiring, and growth overtime that assisted in Britain's economic recovery during the 1980s. Thatcher had also achieved something significant that would impact Britain long after she left office. She had elevated market-oriented economic policies back into the mainstream of British politics. This development fundamentally transformed the British economy from its collectivist and state-managed composition of the pre-Thatcher years.

Thatcher's policies of privatizing state-owned industries was one of her most controversial and consequential policies in Britain. Since the erection of the post-war British welfare state, state management of major industries such as coal and steel was a hallmark of the collectivist economy. Thatcher however believed these industries were inefficient and stifled growth overtime as they had little incentive to compete. Thatcher therefore sought to privatize these industries in an effort to make them more productive. This was vehemently opposed by many as

¹⁵ Rieger, "Making Britain Work Again," 658-659.

¹⁶ Towers, "Running the Gauntlet," 164.

they argued this policy would enlarge inequality and weaken trade unions protected by these publicly owned industries.¹⁷ Thatcher's government was also criticized for pursuing the ideological orthodoxy of neoliberalism and prioritizing it over the interests of the British working-class by pursuing privatization. In an article for the British newspaper *The Times* Thatcher and her government were criticized for pursuing privatization with little appreciation for the potential costs;

Government schemes have to be based on more than just reasonable propositions. Before it is safe to make a commitment, even a guarded one, a good deal of planning is needed to ensure that it could be implemented. But there is no sign that enough detailed preparation has yet been done. Only if there is sufficient preparation, based on the facts available only to the government, can it be known whether Sir Geoffrey and Mr. Brittan have ideas which are feasible as well as interesting. If the Conservatives make another commitment without finding out first, they could find themselves in a far greater embarrassment.¹⁸

This entry by *The Times* underscored the belief amongst many Britons that privatization was being pursued with little regard for the potential damage it could do to trade unions and workers in Britain by enlarging inequality and deprivation. Thatcher nonetheless implemented another major transformation in the British economy through this policy and fundamentally changed the relationship between the state and newly privately owned industry. In the decades long after Thatcher's premiership the British economy remained much less state-operated and even had an impact on British politics overtime. This is because private industry had become the new norm in the British economy as a result of Thatcher. The 1997 General Election that saw Tony Blair's "New Labour" platform renounce the nationalization of industry, once a hallmark of Labour policies, attests to the sweeping nature of this policy and how even the opposition came to accept it as the status quo of the new market-oriented economy Thatcher worked to

¹⁷ Jessop, "Margaret Thatcher and Thatcherism," 21-22.

¹⁸ Geoffrey Smith, "The Pitfalls of Tory Privatization," *The Times Digital Archive*, July 27, 1982. <https://ezpro.cc.gettysburg.edu:2134/apps/doc/CS168397563/TTDA?u=gett36723&sid=TTDA&xid=470f7462>

create.¹⁹ As a result, the privatization of industry not only contributed to shifting British politics to the ideological right but also transformed the British economy and the government's relationship with it long after Thatcher's initial policies.

Restricting the power of trade unions was another major component of Thatcher's economic policies. Thatcher viewed the trade unions as too powerful and attributed the labor unrest during the 1970s in the form of trade union strikes as a key source of Britain's economic woes during the period. Thatcher's hostility and desire to restrict the trade unions' powers became more pronounced following the 1984-1985 National Union of Mineworkers strike. This strike was against Thatcher's pro-business policies and against privatization in particular that trade unionists feared would threaten their job security and working conditions.²⁰ The major strike however had larger impacts that threatened to derail Thatcher's agenda as the strike threatened to ground Britain's economic recovery to a halt. An article from *The Times* in London underscored the threat the strike posed for Britain's economic recovery by stating;

The industrial production figures suggest that, far from overheating, the economic recovery was checked in the first quarter of 1984. The miners' strike helped cut industrial production by 1.4 percent in March, following a 1.8 percent drop in February, so the first quarter of production in 1984 as a whole was no higher than in the last quarter of 1983.²¹

The growth statistics suggesting economic impotency in the first quarter of 1984 highlights how the strike represented a major threat to stifling Britain's economic recovery. The miners strike stiffened Thatcher's determination to restrict the power of trade unions she viewed as a threat to

¹⁹ Jessop, "Margaret Thatcher and Thatcherism," 29-30.

²⁰ Towers, "Running the Gauntlet," 172-174.

²¹ Sarah Hogg and Peter Wilson-Smith, "Production Fall Puts Recovery in Doubt," *The Times Digital Archive*, May 18, 1984. <https://ezpro.cc.gettysburg.edu:2134/apps/doc/CS17927858/TTDA?u=gett36723&sid=TTDA&xid=7fb6c1ef>.

Britain's long term economic wellbeing.

During Thatcher's premiership her government passed legislation that restricted the power of trade unions and irreparably weakened their influence over the British economy. The first major piece of legislation was the Trade Union Act of 1984. This was intended to restrict the ability of trade unions to strike, undoubtedly influenced by the miners strike and the threat Thatcher perceived it to Britain's economic health. This law required trade unions to file four weeks notice to employers about intentions to strike while also requiring a majority of members' overt support. Failure to give four weeks notice could result in employers being able to file legal injunctions to stop the strike.²² This irreparably weakened trade unions as four weeks notice allowed employers to prepare and have knowledge of impending strikes to mitigate the damage, lessening the leverage trade unions could wield in negotiations significantly. The requirement for majority member support was also meant to erect barriers to collective action amongst unions and undermine union solidarity. This consequential legislation was coupled with the 1988 Employment Act. This law allowed trade union members to work even if their trade union went on strike. This was another attempt by Thatcher's government to weaken trade unions by constraining collective action by members and undermining union solidarity.²³ These two acts served to permanently disempower trade unions that once exercised tremendous power over British society. This is because their ability to act collectively and in solidarity were significantly constrained by these laws. They also greatly strengthened the power of business over trade unions that further weakened them. Thatcher's goal however was precisely this, as she viewed

²² Towers, "Running the Gauntlet," 169-170.

²³ Ibid., 170.

Britain's economic woes of the 1970s to be largely caused by labor unrest that was spearheaded by trade unions. Thatcher's trade union policies were significant because they permanently disempowered them and contributed greatly to their decline in the decades after Thatcher left office. During the 1970s, trade union membership had actually grown forty-four to fifty-four percent of the working population during the decade. By 1987 however, in the eighth year of Thatcher's premiership, trade union membership dropped to forty-two percent of the working population.²⁴ Such statistics attest to the significance of Thatcher's policies in reducing trade union power and fundamentally transforming labor and industrial relations in Britain. British trade unions, who had once exercised enormous influence over Britain's economy, had been irreparably weakened as a result of Thatcher and her policies.

Thatcher's transformational social policies toward the unemployed had a significant impact on British politics and society. Thatcher's role in changing British views toward the unemployed alone were significant. Before Thatcher, the unemployed in Britain were viewed as victims of circumstances out of their control and as a result the state had a legitimate role in providing for their wellbeing. Thatcher however viewed the unemployed as a burden on Britain's finances and criticized the country's welfare system of stripping British citizens of their individuality and dignity. Thatcher preached a restoration of "Victorian Values" as she dubbed them that included self-discipline and personal responsibility that she felt the current unemployment policy robbed Britons of.²⁵ This was a radical departure from how previous post-war collectivist governments viewed the unemployed. Thatcher therefore sought to reform Britain's welfare system and

²⁴ Towers, "Running the Gauntlet," 174.

²⁵ Reitan, *The Thatcher Revolution*, 242-245.

unemployment policy to incentivize work rather than merely to provide assistance for the poor and unemployed.

Thatcher and her government embarked on a number of reforms to achieve this groundbreaking change in British unemployment policy. Thatcher was convinced that Britain's current welfare system encouraged rampant abuse. As result many of these policies were designed to combat such behavior she attributed to worsening Britain's socio-economic wellbeing. Thatcher implemented polices that required those unemployed to prove they were searching for work in order to receive benefits and implemented means testing to better judge who was really in need of unemployment benefits.²⁶ Thatcher also sought to implement policies such as workfare that made social security payments contingent on ones willingness to take publicly funded jobs. Workfare also required that after six weeks of receiving unemployment benefits one would have to accept any job available regardless of quality or benefits.²⁷ This was all in an effort by Thatcher to make Britain's welfare policies financially more sustainable and to combat abuse of the system. However these policies represented a radical transformation in the relationship between the individual and the state in Britain. Unemployment policy had shifted from the state protecting the poor and unemployed from the excesses and insecurities of the market economy to actively incentivizing them to participate in it.²⁸ This represented a fundamental shift in British unemployment policy and social views towards them.

Thatcher was staunchly criticized for her unemployment policies that were viewed by many

²⁶ Rieger, "Making Britain Work Again," 656-657.

²⁷ Ibid., 657-659.

²⁸ Ibid., 663-664.

as draconian and unnecessary. Many accused her of wishing to abolish Britain's welfare state all together. Thatcher however did concede a role of for the British welfare state in modern times. Welfare spending as measured in funding for education, housing, healthcare, and unemployment benefits increased from seventy-two to eighty-five billion pounds from 1979-1989.²⁹ This underscored Thatcher's desire to reform the welfare state and make it more sustainable as she viewed current policies as bankrupting Britain both fiscally and morally. The lasting legacy of Thatcher's unemployment policies can be seen in Tony Blairs' "New Labour" government's (1997-2007) retainment of those policies throughout his premiership.³⁰ The acceptance of those polices by the opposition Labour government attests to the sweeping nature of Thatcher's unemployment policies and how it transformed Britain long after she left office.

The other major area where Thatcher transformed Britain was in its foreign policy. Three significant events defined her foreign policy and advanced its goal of reclaiming British leadership in the world and reversing its relative geo-political decline since the end of the Second World War. The Falklands War, her policy toward Northern Ireland, and her efforts to halt European integration she viewed as a threat to British sovereignty.

The 1982 Falklands War was the first major test of Thatcher's international resolve and an opportunity for her to demonstrate that Britain was still a global power. In April of 1982, Argentina, under the rule of a military junta, seized the Falklands Islands a few hundred miles of the Argentinian coast. This was done in an effort by the military government to distract attention away from the disastrous economic mismanagement in the country by appealing to an issue of

²⁹ Reitan, *The Thatcher Revolution*, 99.

³⁰ Rieger, "Making Britain Work Again," 666.

nationalism as the majority of Argentinians supported the military takeover.³¹ As the islands were part of the British Empire however, Thatcher viewed the seizure as an act of war and attack on British sovereign territory. Thatcher mobilized an army and naval force to travel the thousands of miles from Britain to the Falklands to expel the Argentinian occupation. This was a huge risk for Thatcher, as the islands were considered to be of minimal significance to the British and the logistical problems of fighting a war for the British so far away were considerable. This was especially pronounced as the Argentinians had a relatively easier time resupplying their troops due the geographic proximity of the islands to the country.³² In 1982 Britain was also still mired in high inflation and unemployment, leading many to criticize Thatcher for going to war to defend nostalgic memories of the empire when they thought her attention should be focused on domestic matters and rehabilitating Britain's economy.

Thatcher's gamble however payed off, as the British forces expelled the Argentinians and liberated the islands by June 1982. This action played a major role in reviving British confidence in itself and optimism toward the future. It also energized Thatcher's conservative government as it had a concrete foreign policy accomplishment to trumpet upon heading into the 1983 General Election in Britain. This election was a resounding Conservative Party victory that gained them fifty-eight seats in the House of Commons.³³ At a Conservative Party rally in Cheltenham, Thatcher captured the feelings of the British people after the conflict by proclaiming;

Today we meet in the aftermath of the Falklands Battle. Our country has won a great victory and we are entitled to

³¹ Paul Sharp, *Thatchers Diplomacy: the Revival of British Foreign Policy* (London: Macmillan, 1999), 55-58.

³² *Ibid.*, 64-68.

³³ *Ibid.*, 96-98.

to be proud. This nation had the resolution to know what had to be done- to do what it knew was right. We fought to show that aggression does not pay and that the robber cannot be allowed to get away with his swag. The people who thought we could no longer do the great things which we once did. Those who believed that our decline was irreversible—that we could never again be what we were. There were those who would not admit it—even perhaps some here today—people who would have strenuously denied the suggestion but—in their heart of hearts—they too had their secret fears that it was true: that Britain was no longer the nation that had built an Empire and ruled a quarter of the world. Well they were wrong. The lesson of the Falklands is that Britain has not changed and that this nation still has those sterling qualities which shine through our history.³⁴

Such a statement underscores how the Falklands War was a major achievement for Britain and how it played a role in reversing Britain's sense of national decline and reaffirming its role as a world power. Thatcher's leadership in the Falklands War was critical to this achievement as she never wavered in her determination to reclaim the islands, demonstrating her firm resolve that would prove valuable in later political battles her government fought in the 1980s.

Thatcher's policy toward Northern Ireland and its relevance to the Irish Republic was a major development that would foreshadow events to come. Tension between the slight majority Protestant and privileged North Irish and the Catholic minority population had led to open violence between the two groups by the time Thatcher assumed power. The 1983 elections that saw Sinn Fein, the political arm of the Irish Republican Army (IRA), win ten percent of the seats in the General Election that year heightened the sense of urgency for Thatcher to reach an agreement there in order to reduce tension and bring about a peace settlement.³⁵ Catholic North Irish harbored grievances over discrimination in employment opportunities and a lack of representation in the police forces. The lack of civil liberties enjoyed by Catholic North Irish compared to other citizens of the United Kingdom was another source of resentment amongst the

³⁴ Margaret Thatcher, "Speech to Conservative Rally at Cheltenham," July 3, 1982, Speech. <https://www.margaretthatcher.org/document/104989>

³⁵ Michael J. Cunningham, *British Government Policy in Northern Ireland, 1969-2000* (Manchester: Manchester University Press, 2001), 46-47.

Catholic population contributing to the violence. Thatcher and her government however took a hardline on these judicial issues. Thatcher believed them to be essential to maintaining law and order in Northern Ireland and as a result opposed measures that would increase Catholic representation in the North Irish court system and police forces. Thatcher feared such reforms would embolden Sinn Fein and the IRA militants, leading to more violence and a stronger challenge to British rule there.³⁶ Thatcher nonetheless recognized the necessity of a diplomatic solution that would reduce grievances amongst the Catholic population and stabilize the situation in Northern Ireland.

These diplomatic efforts culminated in the most significant act of Thatcher's Northern Ireland policy in the form of the 1985 Anglo-Irish Agreement. The agreement was significant for reaffirming Northern Ireland's right to self-determination by stating Northern Ireland would remain in the United Kingdom as long as the majority of the population wished, a likely prospect with its majority Protestant population. It also was the first agreement to enlist the Irish Republic directly in a consultative role for Northern Irish affairs.³⁷ These measures were significant for Thatcher to combat popular perceptions of British rule in the region being undemocratic and to recognize the legitimate interest Ireland had in the North Irish question as the violence there posed threats to the republic's economic development and long term prosperity. Despite Thatcher's hardline on judicial reforms, a major source of Catholic grievances, promising steps were made to ensuring equality before the law for North Irish Catholics. The threshold for detaining Catholics suspected of participating in terrorist activities was raised from mere

³⁶ Cunningham, *British Government Policy in Northern Ireland*, 49.

³⁷ *Ibid.*, 50-51.

“suspicion” to “reasonable suspicion.” This was a notable effort to promote civil liberties through the legal concept of probable cause for North Irish Catholics as the previous threshold allowed Protestant dominated police forces and British troops to detain Catholics with virtually no reasonable justification.³⁸ Pressing issues of civil liberties remained unresolved however as Thatcher’s law and order approach to Northern Ireland policy led her to support the continued suspension of Habeus Corpus, a detested policy amongst North Irish Catholics, that she argued was necessary to combat IRA terrorism.³⁹ Thatcher in leading her government to this agreement sought to reach a settlement that would both stabilize the situation in Northern Ireland and protect British rule there. Her commitment to combating terrorism and defeating the IRA however made her unwilling to implement crucial policing and judicial reforms that were a main source of unrest amongst Catholics in Northern Ireland.

Although the Anglo-Irish Agreement did not solve the troubles in Northern Ireland, it was a important step in the right direction foreshadowing events to come. It indicated the willingness of the British to recognize Ireland’s interest in the dispute and the republic’s importance in contributing to future agreements. It also reaffirmed the principle of self-determination for the region. The clause implementing probable cause for detainment was also significant to indicating a willingness to protect civil liberties North Irish Catholics were entitled to as citizens of the United Kingdom. It also restricted the nationalist militancy of Sinn Fein to a certain degree, requiring them to renounce terrorism and swear an oath of loyalty upon taking office.⁴⁰

³⁸ Cunningham, *British Government Policy in Northern Ireland*, 57.

³⁹ *Ibid.*, 56.

⁴⁰ *Ibid.*, 59.

The agreement more than all else created a blueprint for further talks that culminated in the Good Friday Agreements in 1998 resolving the Northern Ireland question. Thatcher deserves credit for her willingness to come towards an agreement and mitigating some of her hardline stances on the issue in order to reach an agreement for the interest of peace. Such an act by Thatcher indicated peace in fact could be reached someday in Northern Ireland, peace that was finally reached thirteen years later.

Thatcher's role in integration and her skepticism towards it in Europe had a decisive impact on the political culture of Great Britain. Britain had always approached post-war integration in Europe with relative apprehension. Their joining of the European Economic Community (EEC) did not come until 1973 and after widespread controversy and debate in Britain over the issue. Thatcher's foreign policy goal of national revival often proved difficult to reconcile with the pan-European orientation of the EEC and further integrationist efforts in the late 1980s. Thatcher's goal of reaffirming the special relationship with the United States, particularly the Reagan administration with their shared visceral anti-Communist and neoliberal ideology, also strained relations with the European continent that viewed Reagan as far too hawkish on issues regarding the Soviet Union.⁴¹ Thatcher's nationalist beliefs in Britain's global role also caused her to assert the the supremacy of the nation-state as global actors. This caused tension with the EEC and integrationists in Europe who viewed such nationalist beliefs as reactionary and responsible for the World Wars. Thatcher's belief in the role of states in the EEC needing to be preeminent was further asserted in her 1988 speech to the College of Europe in Bruges, Belgium. During the

⁴¹ Sharp, "Thatcher's Wholly British Foreign Policy," 405-406.

speech she proclaimed;

Europe is not the creation of the Treaty of Rome [1957 EEC Founding]. Nor is the European idea the property of any group or institution. My first guiding principle is this: willing and acting cooperation between independent and sovereign states is the best way to build a successful European Community. To try to suppress nationhood and concentrate power at the centre of a European conglomerate would be highly damaging and jeopardize the objectives we seek to achieve. Europe will be stronger precisely because it has France as France, Spain as Spain, Britain as Britain, each with its customs, traditions and identity. It would be folly to try to fit them into some sort of identikit European personality.⁴²

Such a statement by Thatcher underscores her belief in the primacy of the nation-state and her belief that the EEC cannot be considered a representation of a pan-European culture and identity.

This would lead her to oppose a number of signature policies pushed by integrationists in the 1980s that would later become key tenets of the 1992 Treaty of Maastricht creating the modern European Union (EU).

Thatcher became more vocal of further integrationist efforts in the late 1980s. Thatcher was highly critical of the EEC's Common Agriculture Policy (CAP) meant to provide financial subsidies for the agrarian economies of member states. Thatcher lambasted the policy as being financed by wealthier EEC members such as Britain but benefited poorer member states such as newly admitted Spain and Portugal disproportionately.⁴³ Thatcher's most notable opposition to further integrationist policies are significant because they would foreshadow both events in Europe and contemporary British politics. Thatcher was staunchly opposed to a common European currency and central bank as she believed it to be an assault on monetary and economic sovereignty.⁴⁴ This placed her at odds with many European leaders who saw a long

⁴² Margaret Thatcher, "Speech to the College of Europe," September 20, 1988, Speech. <https://www.margaretthatcher.org/document/107332>

⁴³ Sharp, "Thatcher's Wholly British Foreign Policy," 407.

⁴⁴ Ibid., 409-410.

term economic benefit from such developments. Thatcher's opposition to such policies put her at odds with what would become the central tenets of the Treaty of Maastricht, negotiated in 1992 two years after she left office.⁴⁵ The creation of the Euro and European Central Bank represented an unprecedented level of financial and economic integration for the continent. This is relevant to Thatcher and her influence on Britain as her fervent opposition to these policies were reflected in British opposition and subsequent choice to opt out of the Euro despite remaining in the EU when it was established by Maastricht.

The topic of European integration and Thatcher's nationalist critique of it is the most prevalent example of Thatcher's enduring influence on British politics and society. The 2016 referendum to leave the EU can be viewed as influenced by the legacy of Thatcher. This is because as Prime Minister she staunchly opposed ideological pillars of what would become the EU in the form of a common currency and central bank. Her critique of the CAP, a key feature of economic aid offered by the EU and its EEC predecessor, is further evidence of Thatcherism's euro-skepticism and its influence on more negative attitudes toward integration amongst Britons compared to continental Europe. This is because Thatcher and her assertion of British nationalism and the nation-state reigning supreme over pan-European institutions such as the EU still resonates with the British population long after Thatcher's premiership.

In conclusion, the Thatcher premiership and its policies triggered profound changes in British society. The decade of the 1980s brought sweeping transformations in Britain's economy, foreign policy, and the relationship between the individual and the state in Britain. The retainment of

⁴⁵ Sharp, *Thatcher's Diplomacy*, 170-178.

Thatcher's signature economic and social policies by later governments both Conservative and Labour attest to her enduring influence over contemporary British life. Her application of neoliberal policies in Britain created a polarizing legacy over her role in Britain's prosperity during the 1980s. Praised by her advocates as someone who engineered a national revival reversing Great Britain's national decline and reasserting its role as a global power, while also reshaping the British economy to launch the true potential of market capitalism. Thatcher is equally derided by her detractors as someone whose policies openly favored the wealthy and gutted the British working class, leading to its decline and Britain's long term geographic inequality. Regardless of how one feels toward Thatcher, analyzing the policies of her premiership leads one to understand how it transformed Britain and fathered the modern political debate in the country. The issue of Brexit and subsequent debates about Britain's continental and global role is a direct result of Thatcher's legacy as she stood so firmly opposed to what would become the pillars of the post-Maastricht integrationist order in Europe. Thatcher's policies and their impact are perhaps so controversial because contemporary British politicians keep finding themselves coping with its legacy nearly four decades later, with Brexit as the latest example. Thatcher's political ideology and legacy will likely continue to influence British political debate in the future, simply because her policies were so profound in realigning British political thought and changing the structure of British socio-economic life.

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