

Dispelling the Thatcher myths

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Alex Nunns offers an antidote to the media fawning over Thatcher - and argues her biggest victory was getting her opponents to buy into her mythology.

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When a political leader dies it becomes compulsory to lie about their record. While much of Britain openly rejoiced at the death of Margaret Thatcher, the media snapped into reverential mode, giving over hours of airtime and several thousand miles of column inches to representatives of the ruling class to solemnly recite myths about her achievements.

This wouldn't matter so much if, like Thatcher, these myths were dead, and weren't still shaping our politics. But they are. So here are some of them, debunked.

No 'economic miracle'

It's said that Thatcher 'didn't just lead our country, she saved our country'. She didn't. David Cameron's melodramatic claim was a reference to Thatcher's supposed reversal of Britain's economic decline, when her policies are said to have brought about an economic miracle. But the performance of Britain's economy in the 1980s was not miraculous – in fact it was below par, even if the deep recession of 1980-1 is ignored. Economic growth was higher and lasted longer in the 1950s and 1960s. And when the economy did pick up speed in the late 80s, it was because of a credit bubble that promptly burst and threw Britain back into recession.

It's said that Thatcher was a tax-cutter. She wasn't. The overall tax burden (all taxes as a percentage of GDP) rose from 39 percent in 1979 to 43 percent in 1989. It's true that Thatcher cut taxes massively for the rich – the top rate of tax was 83 percent when Thatcher came to power, and it was 40 percent when she left. But VAT, which hits the poor harder than the rich, was just 8 percent before Thatcher, and was put up to 15 percent as soon as she gained power.

It's said that Thatcher made the British people richer. She didn't. In 1979 the poorest fifth of the population accounted for around 10 percent of after-tax income. By 1989 their share had fallen to 7 percent. Over the same period, the amount of income taken by the richest fifth rose from 37 percent to 43 percent. The rich got richer; the poor got poorer.

It's said that Thatcher restructured the economy and made British capitalism competitive. She didn't restructure anything. Restructuring would have required a plan, which was anathema to her. Instead, she simply destroyed. Between 1980 and 1983, capacity in British industry fell by 24 percent. Unemployment shot up, eventually topping 3 million. Thatcher effectively shut down British manufacturing, much of it forever. In its place, she turned to the banks and the City, making their wildest dreams come true with the financial 'Big Bang'. We know how that ended.

What conviction?

It's said that Thatcher was a conviction politician, a 'monetarist' who stuck to her economic beliefs through tough times and was vindicated. She didn't, and she wasn't. Monetarism, the theory Thatcher adopted from American economist Milton Friedman, says the government should keep inflation low by restricting the money supply, and shouldn't care about anything else, especially unemployment. Thatcher used monetarism as an intellectual cloak, but she never actually implemented pure Friedmanite monetarism. She quickly abandoned her looser British version when it crashed the economy in the early 80s. She was, however, radically successful at not caring about unemployment.

It's said that Thatcher's greatest free market legacy is privatisation. It isn't. Thatcher's privatisations did not create competitive free markets. Instead, the government went for as much money as it could get by selling off public assets in big, monopolistic lumps. The cash came in handy for the chancellor, Nigel Lawson, who used it to claim he had balanced the budget in 1988. But the legacy is one of parasitic cartels, like in the energy sector, where a few big companies are free to bleed customers dry.

It's said Thatcher won the Cold War. She didn't. The idea that the Soviet system collapsed because Thatcher and Reagan said mean things about communism deserves no more than one sentence.

It's said Thatcher stood up for freedom and democracy in the world. She didn't in South Africa, where she opposed sanctions against apartheid and called Nelson Mandela a 'terrorist'. She didn't in Chile, where she supported the murderer and torturer Augusto Pinochet. She didn't in Cambodia, where she gave support to the Khmer Rouge, of all people. As for democracy, she espoused an ideology that valued market choices more highly than votes.

Rolling back the state?

It's said that Thatcher 'rolled back the state'. But, with the exception of the economy, where the state did retreat, Thatcher's government intervened in areas of British society like none before it. It imposed draconian laws on one particular type of voluntary organisation - trade unions. It attacked local government, cut its funding and restricted its powers. It intervened directly in schools, setting a national curriculum for the first time.

It's said that Thatcher restored law and order. She didn't. Crime increased by a staggering 79 percent under Thatcher. There were riots in Brixton and Toxteth at the start of her reign, and riots and civil disobedience against the poll tax at the end of it.

It's said that Thatcher created a 'property-owning democracy' through the sale of council houses. But this led to a chronic shortage of social housing which has pushed up house prices. Today, home ownership is falling and the private rental market is booming. The taxpayer is still subsidising housing to the tune of billions through housing benefit, but now the money goes to rich private

landlords.

It's said that Thatcher changed the class and gender profile of the Tory party. She didn't. She made a big deal of being an outsider: a middle-class woman in a party of aristocrats. But she was an individual, an exception to the rule. She made no attempt to change party structures to help others like her. Today, the Tory leadership is dominated by Etonians and there are only four women in the cabinet. Thatcher always forgot to mention that her political career was financed by her millionaire husband. She expressed disdain for feminism and embraced patriarchal, male values.

It's said that Thatcher was an electoral phenomenon. She wasn't. She won three elections, each with a lower percentage of the vote than all previous post-war Tory victories. She never gained the support of more than a third of eligible voters. She won her second and third elections because a section of the Labour Party split off to form the SDP and the two squabbled over second place.

One claim that's true

It's claimed that Thatcher defeated the left. She did. This is the cliché that holds true. The big set-piece battle with the miners' union was economically irrational – it cost the country £2.5 billion. But she was fighting more than the miners; she was fighting a class.

She told the truth later in life when she said that her legacy was New Labour. In so many of her other goals, she failed. Thatcherism has no institutional legacy because she put none in place. She left no cut and paste economic model because she didn't apply the monetarism she espoused. All she left was her example, which had its most powerful effect on her erstwhile opponents.

Tony Blair and Gordon Brown did more to institutionalise Thatcherism than the woman herself. Before New Labour, in the early 1990s, in the midst of a recession, it was a truism that Thatcherism had been an economic failure. The fact that many of the myths discussed here have been revived is in large part due to New Labour. When even Thatcher's opponents accept Thatcherism's success, why should the media challenge the record?

Blair responded to her death by admitting (although understating) what everyone already knew, that 'some of the changes she made in Britain were, in certain respects at least, retained by the 1997 Labour government'. It is often said that Blair's only legacy will be Iraq, but he will also feature in the epilogue of every biography of Margaret Thatcher.

Thatcher tore at the social fabric of Britain, destroyed swathes of its economy and inflicted vindictive harm on large sections of its population. But she built nothing. Her main success was in the minds of her opponents.

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P.S.

* From Red Pepper:

<http://www.redpepper.org.uk/dispelling-the-thatcher-myths/>

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