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## Original Article

# Margaret Thatcher and Thatcherism: Dead but not buried

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**Abstract** The article divides the history of Thatcherism into seven main stages from its pre-history before 1979 through to the revival of the neoliberal project by the Conservative-Liberal Democrat coalition of 2010–2015. This periodization is based on the changing strategic line of Thatcherism and is related not only to Mrs Thatcher's practice of conviction politics as a political leader but also to the defining features of neoliberalism considered as an economic and political project. The analysis then reviews the features of the neoliberal regime shift instituted under Mrs Thatcher once it had been consolidated, including the strengthening of the City of London and a finance-dominated accumulation trajectory at the expense of uneven development elsewhere in the United Kingdom and, eventually, the financial crisis that undermined the New Labour Government in 2007–10. This crisis was the pretext for the previously noted revival of the Thatcherite project. The article then considers the dialectic of authoritarian populism and statism and ends with brief remarks on how the recent and continuing fisco-financial crisis has provided an opportunity for the revival of a 'two nations' neoliberal austerity politics. *British Politics* (2015) 10, 16–30. doi:10.1057/bp.2014.22; published online 5 January 2015

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## Introduction

Margaret Thatcher is widely reputed to have opined, possibly more than once and perhaps mischievously, that her big political legacy was Tony Blair and New Labour.<sup>1</sup> This initially surprising claim can be understood in terms of significant continuities between radical Thatcherism and the New Labour project. These include the neo-liberal regime shift instituted under Mrs Thatcher, the strengthening of financial and transnational capital, and the dialectic of authoritarian populism and statism. One might add here, not so mischievously, that New Labour's legacy in turn is the chance it gave the Conservative–Liberal coalition to invoke the spirit of Margaret Thatcher and revive her radical neo-liberal project in another period of



austerity. These remarks frame my contribution to this special issue of *British Politics*. I begin with a brief account of different phases of Thatcherism from its prehistory to the present conjuncture, proceed to the defining features of neo-liberalism and their changing fortunes. I then focus on the privileging of City interests that culminated in the North Atlantic Financial Crisis. Some comments follow on the dialectic of authoritarian populism and statism that sustained the initial ‘two nations’ project of Thatcherism and its resurrection under the Conservative-Liberal Democrat Coalition Government. In both cases, profits have been privatized, losses have been socialized, and private affluence is secured on the back of public squalor.

## Thatcher and Thatcherism

The term ‘Thatcherism’ began life as a *Kampfbegriff*, that is, one used in struggles against Margaret Thatcher’s conviction politics and neo-liberal policies rather than as a self-description of what was initially an ill-defined economic and political project. The term’s scientific validity as opposed to political usefulness is much debated. Here it refers to ‘[t]he development and specificity of the emergent strategic line pursued by Thatcher and her various circles of political and ideological supporters’ (Jessop *et al*, 1988, p. 8). Developing a strategic line involves selecting and ordering objectives; deciding on a pattern and sequence of actions deemed appropriate to attaining these objectives; monitoring performance and progress; and adjusting tactics and objectives as the conjuncture changes. It does not require (or imply) logical consistency taken out of time and place. If a strategic line does emerge, it is more through trial-and-error experimentation on a changing strategic terrain than through systematic pursuit of a pre-planned course of action (Poulantzas, 1978; Foucault, 1979). At stake below is how specific governmental strategies, tactics and practices that varied over time and across social fields were articulated into a broader approach to neo-liberal governance. Some commentators regard Thatcher’s politics and policies as part of wider neoconservative and/or neo-liberal trends in the 1970s and 1980s and as just one (if exemplary) case of a neo-liberal regime shift. If so, as a distinctive British variant, Thatcherism attracted attention because Margaret Thatcher was the first (and, as yet, only) woman to become prime minister in Britain; had a domineering personality; won three successive election victories; and exploited more fully than most the powers available to the premier in Britain’s unique form of unwritten ‘elected dictatorship’ in a highly mediatized age.

In this context, the term ‘Thatcherism’ initially characterized Thatcher’s distinctive style of campaigning and political leadership with its right-wing ‘authoritarian populism’, reactionary common sense, and advocacy of a ‘free economy and strong state’ (Hall *et al*, 1978; Gamble, 1979). After she became Prime Minister, the range of meanings expanded to include: (i) Margaret Thatcher’s personal qualities and values; (ii) a ‘conviction politics’ approach to campaigning, party leadership and prime

ministerial power; (iii) the changing economic and political strategies pursued by Thatcher and her close advisers during the Thatcher premiership; and (iv) a distinctive set of neo-liberal economic policies as applied in the United Kingdom. This article focuses on the fourth aspect. This reflects the fact that Margaret Thatcher's overthrow as leader of the Conservative Party did not spell the end of Thatcherism but simply drew the curtain on the first three aspects, tied to the 'iron lady' herself.

### **The periodization of Thatcherism**

The preceding remarks and the more general strategic-relational approach adopted here indicate the need for a periodization of Thatcherism. There can be no general periodization because this approach to historical analysis must refer to specific sets of actors, specific issues, specific strategies, specific institutional contexts and specific spatio-temporal constraints and horizons of action (Jessop, 2007b). The schema proposed below addresses the consolidation of Thatcherism as a specific economic, political and social project oriented to producing and sustaining a neo-liberal regime shift (cf. Jessop *et al.*, 1988; Jessop, 2007a). Analyses constructed for other purposes might well-distinguish other phases, stages and steps or even question whether there was ever a distinctive period worth calling Thatcherism.

Seven phases of the period in question, marked by a neo-liberal regime shift, can be distinguished: (i) its pre-history; (ii) an initial phase of consolidation when the institutional framework and compromises associated with Britain's post-war settlement were *rolled back* in the name of the free economy and the strong state; (iii) a consolidated phase when neo-liberal policies were *rolled forward*, in a more radical, confident manner; (iv) a 'blowback' phase when unexpected negative economic, social or political externalities began to accumulate visibly and resistance mounted; (v) a phase of modifications initiated under John Major and continued under New Labour, which provided flanking and supporting measures to maintain the neo-liberal momentum and were justified under the rubric of the 'Third Way'; (vi) thanks to cumulating pathologies, a crisis *of* the finance-dominated accumulation regime promoted through the neo-liberal regime shift and an associated crisis *in* neo-liberalism that, together, represent both a threat and an opportunity to the neo-liberal project; and (vii) in reaction, a phase of Thatcherism *redux*, marked by a *rassemblement* of economic and political forces to defend neo-liberalism and roll it out again. It may be appropriate to distinguish further phases and stages in future.

#### *Thatcherism as a social movement, 1965–1979*

The pre-history of Thatcherism can be traced to 1965–1975, a decade that saw diverse events and trends from which useful lessons would be drawn for the Thatcherite project. These referents included failed efforts under Heath's One Nation Conservative government and Wilson's Labour Government to modernize Britain;



the breakdown of the post-war settlement and the rise of new social movements; and the rise of the new right and little Englandism. Following Margaret Thatcher's successful challenge to Ted Heath to lead the Conservative Party, a new stage (sub-phase) emerged. Thatcherism became a dissenting social and political movement outside and opposed to the bipartisan and corporatist post-war settlement, 1975–1978/1979. Significantly, during this phase, the Labour Government made a series of *ad hoc pragmatic* neo-liberal policy adjustments that the Thatcher regime would later pursue more systematically on *principled* grounds. The 'Winter of Discontent' in 1978/1979 marked the point of no return when Mrs Thatcher's party attracted a formidable *rassemblement* of social forces fearful of further unrest. This almost seemed to guarantee victory in the election that was bound to occur during 1979.

#### *Consolidation Efforts, 1979–1982*

Following the Labour Government's defeat in the June election, there was a fraught and messy phase of consolidation. Factionalism and sectionalism re-emerged in the Conservative Government and Party, pitting the City against profit-producing capital, international capital with global horizons against capitals with strong interests in European integration and North against South. These divisions were expressed in conflicts between One Nation 'wets' and Thatcherite 'dries'. Failure at this stage would have restored (at least for a time) One Nation Conservatism and left no distinctive Thatcherite legacy (apart from a cautionary lesson about politics as the art of the possible). The challenge was to translate formal office into real control of the state apparatus (party, cabinet, machinery of government), to stabilize electoral support and to secure broader-based support within the establishment now that the spectre of unrest had been laid to rest. Unsurprisingly, it took time for a distinctive Thatcherite economic strategic line to evolve. The initial economic programme was based mainly on tight control over the money supply, public spending cuts, attacking trade union privileges and faith in the regenerative powers of market forces. Monetary targeting had mixed success and the overall impact of Thatcher's policies was also mixed, as evidenced in a severe recession, mounting unemployment and growing unpopularity. A full-blooded neo-liberal economic and political project had not yet emerged. The defeat in 1982 of Argentinian forces in the Malvinas/Falklands War helped to consolidate Thatcherism by making Margaret Thatcher unassailable within her cabinet and party (for a good overview of this phase, see Fry, 2008).

#### *Consolidated Thatcherism, 1982–1987*

More important to the consolidation of Thatcherism in the following months than the Falklands victory were at least three other factors: a covert relaxation of monetary policy in favour of a medium-term financial strategy, an electioneering boom and a suicidally split opposition. A second general election victory in 1983 encouraged the Thatcherite

wing to initiate a more radical programme to transform this favourable conjuncture into deeper-rooted, if not irreversible, structural shifts in the post-war economic and political order. The distinctive features of this project were: (i) a neo-liberal accumulation strategy; (ii) a centralizing 'strong state' project; and (iii) a 'two nations' authoritarian populism. Together these entailed a more radical economic programme to roll back the post-war settlement that had been based on a Keynesian commitment to full employment and a social democratic welfare state (Jessop *et al.*, 1988, 1990). Privatization was intensified, further steps were taken to shackle organized labour economically and politically, six Labour-controlled councils were abolished, local government was weakened and the government triumphed in a gruelling yearlong miners' strike. The Conservatives also sought to roll out the conditions for supply-side flexibility, entrepreneurial spirits and popular capitalism.

Following the initial consolidation in 1982–1984, a stage of relative stabilization followed. One reason could have been preoccupation with the miners' strike in 1984–1985, a battle played out at a time and on grounds prepared in advance by the Government. However, many neo-liberals in Parliament, the wider party and allied think tanks regarded stabilization as drifting backwards. In response, from the Annual Party Conference in October 1986 onwards, Mrs Thatcher committed the government to a more radical, neo-liberal project aimed at restructuring the whole society through measures to reorganize a wide range of institutions in civil society: education, the health service, the professions, the mass media, the culture industries and religion. Following a third election victory in 1987, the Chancellor of the Exchequer, Nigel Lawson, introduced a radical tax-cutting budget that excessively favoured the rich. This marked the highpoint of radical Thatcherism under Mrs Thatcher's leadership. By autumn, the Lawson boom turned to bust, affecting homeowners, shareholders and jobs. Although further neo-liberal measures were pursued to tackle the economic crisis, momentum was dissipating as problems accumulated at home and abroad.

#### *Blowback and the decomposition of radical Thatcherism, 1988–1990*

Economic trends began to move against the government. Inflationary pressures fuelled by an escalating money supply (which were partly masked by rising imports and made palatable by rising asset prices) were expressed in continued growth in the trade deficit, rising interest rates, resurgent wage demands and then collapsing asset prices, including housing. The political scene also turned sour. A shock defeat in the 1989 elections for the European Parliament and Lawson's resignation as Chancellor of the Exchequer were followed by growing discontent with the handling of issues as diverse as National Health Service reform, the state of road and rail transport, water and electricity privatization, and European integration. The final straw was the massively unpopular, Thatcher-inspired 'poll tax' introduced to replace the local property tax. The government became increasingly defensive, faced growing



disenchantment and feared the resurgence in Labour fortunes. 1989–1990 were the years of Margaret Thatcher’s political decline and she was forced to resign in November 1990 to be replaced, after a bruising leadership battle, by John Major.

*Thatcherism with a grey face, 1990–1997*

The Major government maintained the basic thrust of the consolidated Thatcherite project, albeit without the hectoring tone and erstwhile charisma of its eponymous leader. Neo-liberal policies were pursued but less vigorously (with the disastrous exception of rail privatization, a pet project of John Major) and problems accumulated on the political scene. The Conservatives came under attack for ‘sleaze’ (a catch-all media term for the financial corruption, political malpractice and sexual misconduct that were linked discursively and probably in fact to an overlong period in charge of government) and for the growing signs of party disunity and weak leadership. Public support declined and there was a widespread feeling that ‘it was time for a change’ and that an altered Labour Party deserved another chance.

*Thatcherism with a Christian socialist face, 1997–2010*

Four successive electoral defeats had forced the Labour Party to launch its own socialist perestroika under Neil Kinnock and his successor, John Smith. Tony Blair then subjected the Party to radical changes in political identity (New Labour); in political rhetoric (symbolized in the rejection of the Clause 4 constitutional commitment to nationalization and in a media-savvy emphasis on a compassionate, multicultural, youthful and modern image compared with the uncaring, xenophobic, middle-aged and old-fashioned image of the Tories); and in political organization (evidenced by struggles to centralize power at the expense of grass roots and trade union representation and a more plebiscitary than consultative approach to shaping the party programme and policymaking). New Labour’s landslide victory in 1997 can be attributed in part to a cunning combination of floating signifiers and an organizational fix. It also benefitted from growing public dissatisfaction with a tired incumbent regime. Many on the left hoped for a British variant of European social democracy. More worldly observers recognized the successive accommodations to the legacies of Thatcherism (on which see, for example, Hay, 1999). Indeed, the general strategic line of the three Blair governments was to press on with Britain’s neo-liberal transformation rather than call a halt, let alone reverse it. What distinguished them from their Conservative predecessors was the political and social necessity in this particular conjuncture to provide ‘Third Way’ flanking and supporting measures to keep the neo-liberal show on the road. This was not confined to Britain but part of the continuing reinvention of neo-liberalism (cf. Peck, 2010). But the Third Way had a distinctive British inflection because of the distinctive legacies of Labour politics, the growing North–South divided and the importance of

Labour's northern heartlands to its electoral success even as New Labour became more metropolitan.

To the extent that there was a 'break' with the broader strategic line of Thatcherism, it concerned Thatcherism's hegemonic vision more than its state project (see further Jessop, 2007a). Tony Blair and Gordon Brown favoured a more 'One Nation' social imaginary over the Thatcherite 'two nations' approach. This could be interpreted as a remoralization of neo-liberalism in line with Labour's Christian socialist tradition and/or as a Polanyian turn in response to Thatcherite overemphasis on market forces to the detriment of social cohesion (Polanyi, 1944). But this 'nation' would not be re-unified under the protection of a recharged Keynesian welfare national state. Instead the emphasis was on securing cohesion mainly through labour market attachment (that is, workfare rather than welfare) and regenerating marginalized communities; in addition, individual, family and child poverty would be alleviated mainly through a series of targeted and 'stealthy' (rather than proudly proclaimed) measures that would redirect welfare spending within otherwise rigid fisco-financial parameters. This conformed with, rather than challenged, the profit-oriented, market-mediated logic of neo-liberalism. Thus New Labour administered the legacies of Thatcherism as so many economically or politically irreversible *faits accomplis*. This involved more than an initial prudential desire not to frighten the press and thereby the electorate with the prospects of radical change. It also reflected the New Labour commitment (notably from Tony Blair and Peter Mandelson) to advance the neo-liberal accumulation strategy in the name (and in the guise) of 'modernization'. Even Gordon Brown, who had a residual affection for the welfare state, lined up behind this strategy, endorsed financialization and globalization, stepped up the Private Finance Initiative (an expensive means of purchasing capital goods via rental and service contracts while keeping these spending commitments outside the market-sensitive public sector borrowing requirement) and introduced targeted welfare redistribution measures without great fanfare.

New Labour committed itself to further liberalization and de-regulation in many areas; to the privatization or, at least, corporatization, of most of what remained of the state-owned sector as well as to the extension of market forces into what remains of the public and social services at national, regional and local level. It was also firmly attached to internationalization, especially the free flow of capital, and supported the interests of international finance and transnational capital in line with the Washington Consensus. An interesting shift was greater emphasis on promoting the 'knowledge-driven economy' and the creative sector, albeit in a neo-liberal manner, as a future-oriented response to de-industrialization. Paradoxically, this benefitted the City of London, which was seen as a dynamic centre of globally-competitive, knowledge-intensive business skills and a hotbed of cutting-edge financial innovation. Thus New Labour policies reinforced the structural bias in the economy towards London, the rest of the South-East and (debt-led) consumption. In addition, the tendency to



authoritarian populism and a love for the strong state were not so much diminished as reinforced over three New Labour governments.

*Financial crisis and radical Thatcherism redux, 2008*

The defeat of New Labour in the wake of the North Atlantic Financial Crisis restored the Conservatives to power, albeit in coalition with Liberal Democrats. They have pursued neo-liberal austerity politics and used the crisis as an opportunity to make further inroads into what remains of the institutions that embodied the post-war settlement. The complexities of this period of coalition government and their relation to the Eurozone crisis and European politics more generally as well as to the North Atlantic Financial crisis preclude a detailed periodization in the present article. This must await another occasion. Nonetheless, I do briefly comment on it below.

### **Consolidated Thatcherism and the neo-liberal agenda**

In terms of legacies, the most important policy continuities in successive phases of Thatcherism concern the neo-liberal agenda and its adaptation to changing circumstances at home and abroad. In the consolidated phase, its six principal elements comprised:

- (1) Liberalization to promote free market (as opposed to monopolistic or state monopolistic) forms of competition as the most efficient basis for market forces or at least to promote greater market competition where monopoly or oligopolistic positions cannot easily be contested by new entrants.
- (2) Deregulation, giving economic agents greater freedom from state control and legal restrictions, based on a belief in the efficient market hypothesis and the prudential, self-preserving instincts of companies and financial institutions that ensure they will not abuse light-touch regulation or the right to self-regulation.
- (3) Privatization of state-owned enterprises and the contracting out of public services so that direct or indirect public sector provision of goods and services is reduced in favour of the profit-oriented, market-mediated economy and the efficient allocation of resources and innovative potential that markets can deliver.
- (4) Introduction of market proxies and/or user charges in the residual state sector to promote, allegedly, efficient, effective and economical delivery of public services, thereby reducing the scope for non-market logics in the public sector, especially when these measures are reinforced by cuts in state budgets.
- (5) Reductions in direct taxation on corporate income, personal wealth and personal income – especially on (allegedly) entrepreneurial income – in order to boost incentives for economic agents to earn, save, invest, innovate, create and accumulate individual and corporate wealth rather than to allow the state to determine the level and content of the national output.

- (6) Internationalization to boost the free flow of goods and services, profit-producing investment and technology transfer, imports of more advanced processes and products into Britain as a means of economic modernization, and stimulating the mobility of interest-bearing capital, all with a view to completing the world market.

Individually and in combination these policies have different effects in different policy areas. In the field of labour market and labour relations, for example, the effects include: (i) de-industrialization, which weakened the strongest and most militant trade unions; (ii) legislation directed at trade unions' capacity to engage in collective bargaining and strike action as well as to represent members in other respects; (iii) a general de-legitimation of corporatism and tripartism as approaches to economic and social policy; (iv) greater flexibilization and de-regulation of labour markets; and (v) neo-liberal 'welfare-to-work' strategies. These policies continued under New Labour, whose Blairite wing was also enchanted with and by entrepreneurs, business leaders and the business community more generally. These forces enjoyed privileged access to the Labour Government, playing a key role in policy advice and evaluation, securing critical positions in an increasing range of public-private partnerships, and providing lucrative employment and consultancies when ministers and civil servants retired.

### **Encouraging Finance-Dominated Accumulation**

Monetarism was a key element in the initial approach to neo-liberal restructuring in 1979–1981. Some have claimed that this doctrine is the expression of money as the elemental form of 'capital in general' (for example, Clarke, 1988). The emergence of Thatcherism certainly received 'general support from the City, mixed blessings from industry, and divided opposition from organized labour' (Jessop *et al.*, 1988, p. 92). However, as noted above, monetarism was counter-productive economically and politically and was quietly abandoned in the consolidation phase of the first Thatcher government. However, this did not sideline issues of money and credit, taxation and spending nor did it marginalize the interests of financial capital.

No other major capitalist economy had such marked internationalization in its leading sectors as Britain and the Conservative governments sought to strengthen this supposed competitive advantage through their neo-liberal agenda and other measures. New Labour also asserted to all and sundry at home and abroad the inevitability, desirability and global benefits of neo-liberal globalization. The market-led recovery from the crisis of Britain's flawed Fordism favoured by the Thatcher regime reinforced British de-industrialization and Balkanized Britain's industrial core among sectors tied to American, Japanese, German and UK multinational capital (Jessop *et al.*, 1988, 1990).<sup>2</sup> An interesting paradox here is that privatized utilities and infrastructural services were often acquired by foreign state-owned



industries. The disintegration of the economy as a coherent national economic space left no significant economic, political and social basis for a national economic strategy. Thatcherism was entrenching a finance- and real-estate-oriented economy, with a secondary industrial role in the world economy and, City fat cats, their symbionts, and parasites apart, a low-wage, low-tech service sector at home.

Whether neo-liberal policies and the promotion of City interests would really advance long-term economic growth in the general economic interest was uncertain. This was a long-running topic in scientific and political debates about Britain's economic performance and was posed again during the Thatcher years. Indeed, a 1989 report in the Bank of England's *Quarterly Bulletin* raised doubts about the benefits of London's role as an international financial centre. Its authors noted:

There may of course be disadvantages in hosting a major financial centre. Salaries and wages may be forced up, thus driving up rents and house prices, with undesirable social consequences. Regional disparities may be exacerbated and the congestion of local transport systems may be aggravated. The economy may face risks due to over-dependence on a single sector. The operation of monetary policy may become complicated by the need to nurture the financial sector. Regulation may need to be more complex than otherwise. Finally, it has sometimes been argued that the financial sector merely preys on the rest of the economy, adding to costs and distorting other markets – by, for instance, attracting able individuals who might be more socially productive in other areas such as manufacturing. (Davis and Latter, 1989, p. 516)

Having conjured up this awful spectre, however, the Bank's researchers sought to exorcise it with various counterarguments.<sup>3</sup> They concluded that, 'on balance, the financial sector may be judged to offer substantial net benefits to the economy' (Davis and Latter, 1989, p. 516). With hindsight, however, these worries were well-founded. Indeed, the tendencies identified in the report have intensified in the intervening decades. These cumulating asymmetries have made it increasingly hard to reverse the UK economy's dependence on international finance and intensified uneven development to the benefit of London and the South-East to the detriment of other regions. In short, the problems that become evident in the financial crisis in 2007–2008 did not suddenly emerge – they are rooted in changes that occurred over more than 40 years and were already anticipated 25 years ago.

I now discuss six ways in which Thatcherite policies reinforced Britain's already flawed mode of growth (on the latter, see Jessop, 1980).<sup>4</sup> This is not just a story of Thatcherism, however: this process continued under New Labour and the new coalition government. First, in pursuing banking de-regulation and (at least initially) a monetarist counter-inflation strategy, investment in the 'real' economy was discouraged. De-regulating and liberalizing banking capital promotes financial innovation in pursuit of profits and also helps banks to circumvent monetary restraint.

This makes it progressively harder for governments to control the money supply each time that tight money is needed for economic management (Toporowski, 1989). This was another reason to abandon monetarism. The inverse effect is seen in the limits to quantitative easing as an economic stimulus measure. Second, by encouraging expansion in the financial sector, the neo-liberal strategy increased financial claims on the 'real' economy. This has been aggravated by other government policies under both Conservative and Labour governments that undermined industrial investment and growth (cf. Toporowski, 1989; Watson, 1999; Guttman, 2008). Moreover, in an era when financial investment in global equity markets has become more liquidity-driven and is based on opaque forms of leverage, industrial productivity and output fail to keep pace with the growth of financial claims. Thus, during the past 25 years, there has been a steady shift in the mass and share of profits going to the financial sector, a polarization of wealth and income in the wider population, and a boost to 'privatized Keynesianism' (see below) to enable those with declining real incomes to maintain their lifestyle.

Third, in eschewing a 'modernizing' interventionist economic policy, the Thatcher government systematically reduced its role in training and tried to bring education and R&D activities closer to the market. Overall, its policies, maintained under New Labour, reinforced the low-skill, low-wage, low-productivity character of much of British industry (Daniels and McIlroy, 2009). As technological innovation accelerated and ever-new demands were placed on the workforce, this problem became more severe, especially in the old, but now de-industrializing, industrial heartlands.

Fourth, in promoting popular capitalism and privatized Keynesianism (the increasing resort to credit by the working and middle classes to finance their everyday needs and aspirations), the Conservative and New Labour governments were politically and economically myopic. The Thatcher and Major governments pursued short-term asset stripping of the public sector for the sake of a never realized share-owning democracy, cosmetic reductions in the Public Sector Borrowing Requirement and tax cuts – all to the detriment of investing in long-term competitiveness. And New Labour under Blair accepted the alleged electoral imperative to keep tax rates low and also enjoyed the (illusory) fiscal and political benefits of the housing bubble. Indeed, fifth, by privileging owner occupation in the hope of electoral benefit, both Conservative and Labour regimes boosted the financial services sector. This promoted a consumer boom fuelled by housing equity, aggravated the crowding-out effects of the housing sector borrowing requirement on productive investment and fettered labour mobility from areas of high unemployment to those with labour shortages. In addition, both Conservative and Labour governments suffered electorally when housing bubbles collapsed – in 1987 and 2007, respectively.

Sixth, any successes of the neo-liberal strategy under Thatcher, Major and New Labour tended to be regionally concentrated. The package of neo-liberal measures was especially advantageous to the City, rentier and producer service interests located above all in London and the South-East (Peck and Tickell, 1995).



Other government investment projects also favoured this region – the 2012 London Olympics are another example. But the ‘North’ of England and the provinces suffered huge job losses in manufacturing (both in absolute and relative terms) compared with the ‘South’. This occurred through the combined impact of general macroeconomic policies and specific microeconomic measures to restructure nationalized industries (which are over-represented in the ‘North’).

Even in the 1980s and 1990s, then, the seeds of later financial crises and continuing economic decline were evident. Much of the financial expansion occurred through the increasing internationalization of the City and its ever closer integration into global circuits of capital. Regulatory arbitrage played a key role here, when, following the ‘Big Bang’ that liberalized and deregulated finance, the way was opened for London to reinforce its position as the leading international centre for international financial capital. Not coincidentally, many of the biggest financial scandals that have transpired in 2007–2012 were generated through activities in the City, regardless of the nationality or primary seat of the financial institutions involved. This was linked in turn to a pattern of investment skewed to sectors that service the consumption boom (retailing, distribution, personal financial services) rather than those involved in producing internationally tradable commodities. This trend continued under New Labour.

## **Authoritarian Populism and Authoritarian Statism**

The social basis of Thatcherism changed over time. Support initially stemmed from Margaret Thatcher’s ability to express hitherto unvoiced petty bourgeois discontent with the post-war settlement and exploit disillusion with the Labour government, the unions and visible economic decline. Moreover, from Thatcher’s first days in opposition almost to her final days in Downing Street, the press was overwhelmingly supportive. However, *pace* Hall *et al* (1978), the authoritarian populist appeal of Mrs Thatcher and her Thatcherite colleagues and media supporters was less important to the long-run resilience of Thatcherism than its ability to consolidate institutional power through control of a centralized state and to engage in a war of position with a view to modifying the structural underpinnings of class power.

The Conservatives used government *fisco*-financial and legislative powers with a view to consolidating their social base – notably among skilled manual workers in the private sector and the small business and self-employed sectors. Key measures were: the discounted selling of publicly owned housing, tax cuts, ending restrictions on private-sector collective bargaining and petty gains from privatization shares. Support was stronger in the prosperous South of England (which nonetheless retained its underclass) rather than in Scotland, Wales and the declining North. These measures can be seen as part of the authoritarian populist moment of Thatcherism – with the emphasis here on popular capitalism.

But there is also an authoritarian statist moment (cf. Poulantzas, 1978). Among its key features in the United Kingdom the following merit attention. First, political parties moved further in the direction of authoritarian mass parties, that is, catch-all parties with a plebiscitary role in legitimating state power rather than performing a representative function oriented to programme and policy development. The Conservative Party was already a top-down apparatus but the Labour Party was reorganized during the Thatcher years to become a centralized party machine with less union and even less grass-roots involvement in policy formulation, even in opposition. During this period, then, the two main parties acted even more as transmission belts for executive decisions (often framed in discussion with capitalist interests and think tanks) and represented the state to the people rather than the people to the state. Second, the mass media became more powerful than ever in shaping social imaginaries and thereby framing political debate and legitimating (or contesting) state power. Third, we observe a continuing decline in the legislature's residual independence from the executive, the concentration of executive power within the prime minister's office and, in addition, a further decline in the rule of law in favour of particularistic and discretionary regulation. Fourth, the state's pre-emptive police powers were strengthened. While these trends did not begin in 1979, they were strengthened in the Thatcher years and further reinforced under New Labour, an exemplary authoritarian mass party as defined above. They have been further intensified under the current Conservative–Liberal Democrat government.

These institutional legacies in the state system (in its broadest sense) and the economic and social consequences of an excessively internationalized and extraverted British economy are a further block on radical reform post-Thatcher and Thatcherism. In short, notwithstanding the explanatory power of a neo-Gramscian, authoritarian populist reading of the first phases of Thatcherism (especially its pre-history), of the kind associated with the late Stuart Hall, a more rounded approach to the structural foundations of the legacies of Thatcherism is required for later phases. In particular, alongside issues of hegemony *qua* class leadership, we must also consider the structural entrenchment of class domination.

## Concluding Remarks

How one estimates the legacies of Mrs Thatcher and Thatcherism depends on one's reference point and focus. My contribution has neglected the idiosyncrasies of the 'Iron Lady's' personality and leadership style in favour of examining the specific features of the neo-liberal policy agenda, its role in perpetuating the weaknesses of the UK's flawed mode of growth (especially in reinforcing the economy's internationalization and hyper-financialization) and the legacies of changes in the state's institutional structure. One conclusion is that Mrs Thatcher was justified in regarding New Labour as a major achievement of her years in government – not merely in terms of its



weakened role as a representative of organized labour and champion of the welfare state but also in terms of its unashamed adoption of her neo-liberal agenda. Complementing this conclusion, however, is that these continuities have reinforced the crisis tendencies in the British economy, which is now reflected in the current financial crisis and its broad social repercussions and their reflection in a renewed neoliberal politics of austerity with strong ‘two nations’ effects.

## Notes

- 1 I cannot trace a direct source, including via the Thatcher Foundation website, but a *Google* search shows it is part of conventional wisdom in many quarters at home and abroad.
- 2 More recently, Chinese, Indian and Russian capital plus sovereign wealth funds have also joined in.
- 3 To wit: growth is always accompanied by local congestion and regional imbalances; some financial services jobs are being decentralized; neither monetary nor regulatory policy are dictated or constrained by the City’s international role; and, compared with European rivals, financial intermediation is relatively efficient.
- 4 This and the following four paragraphs summarize arguments in Jessop (2013).

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