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The free economy and the strong state: The pursuit of Thatcherism 1975–1992

Margaret Thatcher would lead the Conservatives for over 15 years and her three successive general election victories ensured that she was prime minister for 11 years between 1979 and 1990. Given the turbulence of the decade prior to her leadership – four defeats out of five general elections between October 1964 and October 1974 – it is not surprising that she was held in such high regard by many Conservatives. However, what is really intriguing about her era is the gap between the retrospective and positive interpretations of her leadership by her supporters, and the reality of her vulnerability in opposition between 1975 and 1979 and the evolutionary nature of her agenda once in power. This chapter charts the impact of Thatcherism upon the Conservatives in four sections. First, it observes the difficulties that she faced in *establishing* ‘Thatcherism’ as a new and unexpected leader of the opposition with limited support within her shadow Cabinet. Second, it considers how her administrations went about *implementing* Thatcherism as she set about imposing conviction politics in place of consensus politics. Third, it considers how the Thatcher governments set about *justifying* Thatcherism and how they attempted to persuade the electorate of the merits of their policy choices. Fourth, it considers how the shift from Thatcher to John Major contributed to *consolidating* Thatcherism as the Conservatives won an unprecedented fourth successive term in 1992.

Establishing Thatcherism? The era of opposition 1975–1979

The opposition period under Thatcher was characterized by ‘hesitancy’ (Cosgrave 1978: 183). Many of the political press ‘continued to believe that

some ghastly and nightmarish mistake had been made, and that time would see a reversal to the natural state of affairs' (Cosgrave 1978: 171). However, her greatest doubters were among those Conservative parliamentarians who had not voted for her in either of the leadership ballots. Many of them found it 'hard to adjust to the idea of such a naive and unsophisticated politician in the role of leader' (Campbell 2000: 312–13).

Her problems were compounded by the evidence that she was not an electoral asset (Campbell 2000: 317). For much of the opposition period she trailed Harold Wilson and then James Callaghan as the leader who would 'make the best Prime Minister' (Kavanagh 2005: 225). One opinion poll in 1978 suggested the Conservatives would 'gain more support' if Edward Heath was their leader (Harris 1988: 81). Heath himself saw 'no possibility of his inexperienced successor growing into the job which she had inappropriately snatched' from him (Campbell 1993: 689). His attitude was 'I'm in reserve' (Ziegler 2010: 491). Relations when she replaced him were poor and they deteriorated. For example, they briefed against each other on the question of whether Thatcher had offered him a place in the shadow Cabinet in 1975. He would claim that no offer was made. She would claim that an offer was made, but that she was relieved that it was not accepted (Heath 1998: 536–7; Thatcher 1995: 282–3). The hostility between them was widely noted within and beyond Parliament. For example, when Thatcher suffered a torrid parliamentary debate over immigration in early 1978, the Labour MP Denis Skinner shouted across the floor 'she's having a rough time, isn't she, Ted?', whereupon many noted Heath's response: 'a grin, and a huge meaningful wink' (Behrens 1980: 105).

Upon acquiring the leadership she retained many of those most closely associated with Heath, such as Francis Pym, James Prior, Iain Gilmour, Lord Carrington and, of course, William Whitelaw. Her most surprising appointment was that of Reginald Maudling, who was 'staggered' to be offered the post of shadow Foreign Secretary (which he held briefly until 1976). Not only was Maudling the 'most consensus minded' of Conservatives, he was also deeply critical of Thatcher and Keith Joseph. He (privately) viewed Joseph as 'nutty as a fruitcake', and when Heath was defeated by Thatcher he told Heath: 'this is the worst day in the history of the Tory Party . . . the party's taken leave of its senses' (Baston 2004: 467–9). The inclusion of Pym, Prior, Gilmour, Carrington, Whitelaw, Maudling and that of Michael Heseltine (a 'man of interventionist if not corporatist inclinations') was offset by the removal of not only Peter Walker (who nonetheless returned in 1979), but also Robert Carr (previously shadow Chancellor) and Geoffrey Rippon (previously shadow Foreign Secretary) (Kavanagh 2005: 224).

Thatcher was slow to advance her own supporters like Norman Tebbit, John Nott, Nicholas Ridley, Cecil Parkinson and Nigel Lawson. Her caution was also evident by her decision to promote the centrist Mark Carlisle (to Education in 1978) rather than her ideological bedfellow, Rhodes Boyson (Kavanagh 2005: 224). Caution was also evident in her decision to appoint Geoffrey Howe to the Treasury brief, rather than Joseph. Whitelaw had insisted that as a precondition of his future support she must not appoint

Joseph as shadow Chancellor (Bale 2012a: 221). In the event, Howe was increasingly moving onside in terms of the economic agenda that she wanted to advocate, that is, abandoning incomes policies and relying on control of the money supply, alongside reductions in taxation and public expenditure, even if this resulted in higher levels of unemployment (Bale 2012a: 187–8).

However, the most eye-catching appointment was that of Peter Thorneycroft as the new Party Chair (best known for his resignation from the Treasury in 1958), and as his deputy Angus Maude (an old nemesis of Heath) (Behrens 1980: 62–3). The surprise advancement of Thorneycroft offered ‘potent symbolism’ given his well-established concerns about the growth in the public sector (Ramsden 1980: 154–5). Although Chris Patten remained as Director of the Conservative Research Department, Gilmour was replaced as Chair by the more like-minded Maude (Kavanagh 2005: 226).

Increasingly, however, the Conservative Research Department was ‘circumvented’, allowing her to ‘draw from the ideas of right wing think tanks, such as the Centre for Policy Studies’ (Evans 1999: 40). Thatcher would later argue that the Centre for Policy Studies, under the guidance of Alfred Sherman, was a ‘powerhouse of alternative Conservative thinking on economic and social matters’ (Thatcher 1995: 251). This was an era in which increasingly ‘the party’s own policy-making structures lost their near monopolist role with a more crowded and competitive market growing to influence the leader of the Conservative Party’. Thatcher ‘proved a willing target’ as in addition to the Centre for Policy Studies, her outlook was increasingly shaped by other think tanks such as the Institute for Economic Affairs and the newly formed Adam Smith Institute (Norton 2012: 101–2).

Although it is too simplistic to say that a coherent and electorally viable programme that was to be Thatcherism was established between 1975 and 1979, one should nonetheless acknowledge that Thatcher was widely understood at the time to be to the right of the party. As Denham and O’Hara have noted, ‘she stood, more clearly than Heath, for lower taxes and less state intervention in the economy’. Unlike Heath, she saw the state ‘not as the principal instrument of economic modernisation’ but as the ‘key obstacle to achieving the same objective’ (Denham and O’Hara 2007: 177). This was evident during her leadership campaign when she stated (in January 1975) that ‘one of the many reasons for our electoral failure is that people believe too many Conservatives have become Socialists already’ (Kavanagh 2005: 224).

Thatcher was open about stating the disappointments created by the previous Conservative administrations. She felt that they ‘had lost the initiative’ in the battle with the advocates of ‘collectivist, egalitarian and anti-capitalist values’. She concluded that the ‘left had captured the vocabulary of political and social debate’ and that there was ‘no authoritative Conservative response’ (Kavanagh 2005: 231). To be effective in opposition she concluded that ‘argument was everything’ and that the Conservatives must have a ‘clear philosophy and a coherent set of beliefs from which the party’s arguments and policies should follow’ (Kavanagh 2005: 231). This mindset was most famously captured in 1975 by her comment that ‘we must have an

ideology . . . the other side have an ideology that they can test their policies against, [and] we must have one as well' (Young 1990: 406). Thatcher was thus advocating conviction not consensus politics. She felt that the previous three decades had created a socialist ratchet effect – that is, every time Labour was in office the succeeding Conservative administration had accepted much of their socialist impact in the name of consensus and continuity (Joseph 1976: 20).

However, Thatcher 'constantly had to curb her instincts' for both internal party and electioneering reasons (Evans 1999: 42). There was an anxiety about how far to the right the party could move without intensifying internal divisions or alienating the electorate. As one frustrated Conservative right-wing backbencher at the time noted, she was using her 'skill to avoid translating her beliefs into clear commitments until the party and the people have caught up with her'. This would explain the 'tension between her militant and value-laden speeches on the one hand, and her lack of detailed policy statements on the other' (Evans 1999: 42–3). Clearly between 1975 and 1979 her PCP had not caught up with her. Behrens concluded that at this time the PCP could be subdivided into two camps. First, there were the diehards who embraced the arguments that Thatcher and Joseph were making on economic strategy. Second, there were the ditchers who believed that principles should reflect circumstances, and pragmatically the Conservatives should be willing to intervene in the economy where necessary to protect social harmony. Many of the ditchers simply felt that the stance that Thatcher was beginning to articulate would not be politically feasible (Behrens 1980: 3). Their continued belief in the importance of a non-dogmatic form of Conservatism was best encapsulated by Gilmour, who was still inside the shadow Cabinet when he published *Inside Right* in 1977 (Gilmour 1977).

However, at this juncture Thatcher's objective was to set the agenda by outlining her principles rather than detailed policies (Bale 2012a: 223). She came to believe that the policy reappraisal undertaken by Heath in the 1960s created too many detailed policy pledges, and it was better to rely on principles through which policies could be developed and applied (Thatcher 1995: 295). This was her instruction to the raft of policy-review groups that were established, which fed into a sub-committee of the shadow Cabinet (chaired by Joseph), who then presented feedback to the shadow Cabinet (Patten 1980: 20). There is a tendency to simply state that the opposition era was defined by two documents which outlined their evolving principles: *The Right Approach* (1976) and *The Right Approach for the Economy* (1977) and to assess their content. However, what is perhaps more illuminating is to try and get beyond their desire to outline principles and see if we can detect significant developments in policy. This can be achieved by considering three policy arenas that had defined (and disfigured) the party under Heath: inflation, incomes policy and industrial relations.

For Thatcher tackling inflation became the priority – this rather than full employment was the new quandary (Taylor 2005a: 140–3). The solution would be informed primarily by the thinking of Milton Friedman who argued

that creating targets with regard to money supply would curb inflation, but also by the thinking of Friedrich Hayek who felt that immediate and substantial public expenditure cuts was the best way to cure inflation (Evans 1999: 45). However, Heath from the outside, and Gilmour and later Prior from the inside, would all express their reservations about the unacceptable levels of unemployment flowing from the proposed solutions (Prior 1986: 109). The monetarist emphasis on controlling the money supply, and their commitment to controlling public expenditure, was tied into a desire to remove 'obstacles to free competition' and 'addressing the network of corporatist institutions which were encroaching on the functioning of free markets' (Gamble 1988: 92). This led to the need to address two hugely contentious issues: incomes policy and industrial relations.

Those associated with the moderate Tory Reform Group attempted to argue the case for a Conservative version of the Social Contract – combining commitments on industrial democracy and urban deprivation with understandings on wages (Russell 1978: 78). They outlined their concerns about 'abandoning attempts to secure understandings with the trade unions' and the shift to 'relying on the disciplines of bankruptcy and unemployment to curb prices' (Gamble 1988: 93). However, Thatcher withstood their criticism and denounced statutory incomes policies. This ensured that the party was 'committed to a return to free collective bargaining and therefore to curbing trade union power by other means' (Gamble 1988: 93).

Initially Thatcher showed caution on industrial relations matters. Given the experience of the unworkable Industrial Relations Act, caution was understandable. Her shadow Employment Secretary, Prior, was keen to engage with moderate trade union leaders in the hope that he could gain their support for an incomes policy (which he still argued for against the instincts of his leader). To begin with Thatcher restricted herself to denouncing excessive trade union power, without offering proposals on how to curb such power. However, their commitment to operating without an incomes policy and their desire to reduce the level of intervention within the economy made the 'need to weaken trade union power' an 'inescapable necessity' (Gamble 1988: 94). Between October 1978 and March 1979 the drafting of the section of the manifesto on industrial relations evolved considerably, and the Winter of Discontent politically meant that the Conservatives could now seek a mandate to address the problem of excessive trade union power (Taylor 2001: 124).

This was because the Winter of Discontent provided the opportunity for Thatcher to engage with the Stepping Stones strategy which had previously been hugely contentious. It was a communications strategy formulated by two outsiders – John Hoskyns and Norman Strauss – which was designed to outline the means by which to persuade the electorate of the necessity of change. Central to this strategy was the need to show the electorate that it was the trade unions that were responsible for economic decline (Taylor 2001: 116). The resistance that Prior had to this strategy was diluted

by the Winter of Discontent, and the manifesto of 1979 had significant differences to that of the 1974 general elections. For example, in 1974 there was no mention of picketing but 1979 included a commitment to review and amend legislation in this regard; in 1974 they had been supportive of the corporatist NEDC, but now this was not mentioned; in 1974 there was no mention of the closed shop, but in 1979 there was a commitment to legislate to restrict it. This was a more 'assertive approach' than the one in 1974 (Bale 2012a: 210).

Although the primary focus should be on inflation, incomes policy and industrial relations, our understanding of the Conservatives in opposition also requires an appreciation of other policy areas, notably foreign policy, European policy, devolution and immigration. Gamble notes that it was not Thatcher's apparent repudiation of consensus politics at domestic level that provided the first real evidence of a shift in style and content. Rather it was her views of foreign policy. Her attacks on detente and her desire to initiate an ideological crusade against communism (requiring a major build-up of arms among NATO countries) led the Soviet media to label her the Iron Lady. This sobriquet was a 'bonus' for the Conservatives as it gave a potentially positive image that 'a then untried female leader needed' (Fry 1998: 141). Tied into these attitudes was her strong support for the Atlantic Alliance and her doubts about the EEC (Gamble 1988: 87–9). That membership was accepted by Thatcher, rather than passionately advocated, was evident from a comparison between the manifestos of 1974 and 1979. For Heath it was argued that membership provided the 'opportunity to reverse our political and economic decline', but for Thatcher while decline remained a concern, Europe was no longer stated as the means of reversal. Her emphasis became shaped by defending British interests within Europe and finding ways to correct the shortcomings of the EEC (Bale 2012a: 207).

These concerns about national identity were also tied into two domestic policy concerns: devolution and immigration. Had Heath been re-elected in 1974 it was his intention to create a Scottish Assembly, in tune with the recommendations of a Royal Commission which had reported back in autumn 1973. However, although Thatcher initially backed the position of her predecessor, she had reservations. She felt that the promise had done little to withstand the rise of the Scottish National Party, and longer term she feared that agreeing to an assembly would lead to the breaking up of the United Kingdom (Bale 2012a: 207, 225). She calculated that as support for a devolved assembly was not particularly high, and as Labour were 'hopelessly divided' over it, then the 'tactical balance of advantage' meant changing their position was appropriate (Thatcher 1995: 324). Her demand that Conservatives vote against the Labour legislation on this (December 1976) would result in five rebels voting with Labour (and nearly 30 abstaining including Heath), and would lead to the resignations of her shadow Secretary of State, Alick Buchannan-Smith, and his deputy, a young Malcolm Rifkind (Bale 2012a: 225).

Just as Thatcher ‘personally drove’ the change to the policy position with regard to devolution, so she did likewise on the issue of immigration (Bale 2012a: 225). Despite the reservations of Whitelaw (shadow Home Secretary), Thatcher sought to exploit ‘popular anxieties’ when she noted that she ‘understood’ the electorate’s fears about being ‘swamped by people of a different culture’ and promised to deal with their ‘worries’ (Evans 1999: 47). Promising to deal with their worries meant stating what those worries were – an assumed influx of immigrants unless a tougher line on immigration was established (Bale 2012a: 224). Constructing their harder line meant, claimed Thatcher, ‘we had a comprehensive and agreed approach which satisfied all but the die-hard advocates of repatriation’ (Thatcher 1995: 407).

In opposition Thatcher achieved the minimal requirement of a leader of the opposition: she ensured that her party were viewed as credible and electable. Beyond that she was dependent on circumstances and timing. Had Callaghan dissolved Parliament in the autumn of 1978, when the opinion polls had the parties running neck and neck, then the Conservatives could have been defeated. However, the Conservatives were to benefit as inflation and unemployment increased and the incomes policy that Callaghan was relying upon collapsed during a wave of public sector strikes (Dorey 2001: 166). It created two benefits for Thatcher and the Conservatives: first, for Thatcher it vindicated her decision to oppose a statutory incomes policy; and second, industrial militancy during the winter undermined the claim that Labour could work harmoniously with the trade unions (Gamble 1988: 93).

The Conservatives successfully persuaded enough of the electorate that the Winter of Discontent was symbolic of the failure of Keynesianism and symptomatic of the consequences of excessive trade union power and an overextended state (Hay 2010: 465). In establishing this narrative the Conservatives were aided by the fact that their electioneering efforts and communications strategy was so well developed. Their approach was influenced by the decision to appoint Gordon Reece in early 1978 and then the move towards using Saatchi and Saatchi as their advertising agency (Bale 2012a: 195). They ‘took negative campaigning to a new level’, and their advertisements were certainly ‘eye-catching’, notably the infamous ‘Labour Isn’t Working’ poster (Kavanagh 2005: 228). Target groups were identified, such as working-class housewives and first-time voters, and strategies were designed to get the Conservative message across to them – this involved bypassing the so-called opinion formers within the so-called prestige press and finding ways to communicate more directly with ordinary people (Bale 2012a: 195). Appearances were scheduled on television and radio in which Conservative elites were told to focus in on brevity and repetition within nine-word sentences. The press campaign concentrated on mid-market popular newspapers such as the *Express* and the *Mail*, and tabloids like the *News of the World* and the *Sun*, whose readership was predominantly the skilled working class, many of whom were dissatisfied with Labour (Bale 2012a: 193–5).

The Conservatives secured a comfortable parliamentary majority of 43. They secured 2 million more votes than Labour, and had increased their vote by 3 million from October 1974. The swing from Labour to Conservative was 5.2 per cent, and the 7 per cent gap between the two main parties was the biggest since 1945. However, on the significance of their victory Norton concludes that the electorate 'were voting on the basis of retrospective rather than prospective evaluations: that is, they were voting against Labour rather than for the Conservatives' (Norton 2012: 108).

Implementing Thatcherism: From consensus to conviction 1979–1990

Thatcherism was an evolutionary governing strategy. It was a 'constantly changing dynamic process, driven by political learning [and] adaptation' (Kerr and Marsh 1999: 169). Not only was it characterized by 'improvisation, muddle and opportunism' (Gamble 1996: 23) but it was a strategy that evolved within a party that was not 'Thatcherite'. It would be wrong to think that she 'transformed' the Conservatives at a parliamentary level from a 'Tory consensual' to a 'loyal Thatcherite body' by changing the 'composition' and 'thought of the party' (Norton 1990: 43). The 'Thatcherites' – that is, the advocates of economic liberalism and social conservatism – were a minority within parliamentary ranks (Norton 1990: 44, 55). It should also be noted that although it was true that many known economic 'wets' were eased out of the Cabinet – (e.g. Gilmour and Carlisle in 1981, and later Pym in 1983 and Prior in 1984), her ministerial ranks retained a significant number who were not her natural ideological bedfellows. Acting as a bridge between the dries and wets was Whitelaw (1979–88) and she maintained throughout her premiership a Cabinet role for Walker. Nor did she allow dampness to preclude the promotion of talented ministers to Cabinet, as illustrated for example by Douglas Hurd (1984) and Kenneth Clarke (1985). In her memoirs her justification seemed initially pragmatic as she argued that Cabinet must 'reflect the varying views' in the parliamentary party, before adding (with Walker in mind) that there were 'some people that it is better to bring in because they would cause more trouble outside' (Thatcher 1993: 418).

The paternalistic wing was numerically dominant in her first Cabinet, with Carrington in the Foreign Office, supported by Gilmour; Pym at Defence; Whitelaw at the Home Office; Carlisle at Education; Heseltine at Environment, and Walker at Agriculture (Doherty 1988: 53). However, she saved the key economic portfolios for those who she felt were, in her infamous words, 'one of us' (Young 1990). Howe as Chancellor, his deputy, John Biffen (Chief Secretary), Joseph at Industry, and Nott at Trade, comprised an 'inner core' of dries (Hennessy 2000: 409). Prior at Employment was the only member with a direct impact upon the economic strategy who did not share

the view of the dries. The lower ministerial ranks were ‘well stocked’ with candidates for Thatcher to advance – e.g. Lawson, Ridley, Parkinson and Tebbit. However, many of her leading supporters would in the later stages of her tenure become detached from her due to disagreements over her leadership approach and ideological commitments with regard to Europe, notably Lawson and Howe (Bale 2012a: 284).

The origins for interpreting Thatcherism stem from how we interpret the pre-Thatcherite era. The consensus thesis has become a relatively well-established theory to explain continuity (pre-Thatcherism) and change (through Thatcherism), and remains a useful analytical tool through which to interpret Thatcherism (Kavanagh 1987a). This is because the pillars that exist within the consensus thesis enable us to compare and contrast the policy objectives (and political style) of the Thatcher administrations, with the previous Conservative administrations of the post-war era – that is, 1951–64 and 1970–74.

The pillars embraced a range of economic, social and foreign policy objectives. The pillars include the pursuit of full employment; an adherence to the mixed economy; an approach to industrial relations that incorporates the trade unions into policy-making or is conciliatory towards them; a belief in active government and justifying an expanding of the responsibilities of the state; the continuance of the welfare state; and finally, a foreign policy stance underpinned by nuclear capability and the Atlantic alliance (Kerr 1999: 68). Thatcher bemoaned the timidity of post-war Conservative administrations and their acceptance that they had to ‘retreat gracefully’ in the face of the ‘inevitable advance’ of the left. Managing that process and presiding over the Attlee settlement had created the governing overload and crisis of the 1970s, and the Conservatism that had accepted this had to be repudiated (Thatcher 1993: 104).

From Keynesianism to monetarism: Full employment or low inflation

Thatcherism would challenge the consensus pillars of the mixed economy – accommodating the trade unions and full employment. Inflation replaced full employment as the dominant concern as Keynesianism was replaced by a monetarist emphasis on controlling inflation. The June 1979 budget involved the imposition of a fiscal squeeze with cuts in public expenditure and an attempt to restructure taxation. Income tax was lowered from 33 to 30 per cent and alongside this the top rate of income tax was reduced from 83 to 60 per cent, while value-added tax was increased from 8 to 15 per cent to pay for this. Alongside a determination to hit money supply targets and reduce the rate of government borrowing, the objective was to signal the government’s commitment to increase incentives and its faith in the private sector (Gamble 1988: 98–9).

Economic thinking was consolidated through the Medium Term Financial Strategy in early 1980, which made controlling the supply of money in the economy a key target alongside reducing the Public Sector Borrowing Requirement (PSBR). This strategy reflected the Thatcherite view that 'governments could not directly affect real economic variables (especially growth and unemployment), but only financial variables, above all the inflation rate, by controlling the money supply, and public borrowing which was seen as contributing to the growth of that supply' (Tomlinson 2007: 6–7). Evans argues that the resulting increase in unemployment was expected and acceptable, even if it was to make their attacks on Labour's record on unemployment seem dubious. He argues that Thatcher and Howe 'were prepared to create an economic slump in order to kill inflation' and weaken trade union influence, and 'resurrect the simple notion of proper money for the benefit of the British people' (Evans 2013: 23). Unemployment did rise steadily reaching 2.4 million in 1981 and then 3.5 in 1985. However, although leading Conservatives expected their anti-inflationary monetary strategy to lead to a rise in unemployment, they did not anticipate the scale of the increase that would occur (Tomlinson 2007: 2; Green 2006: 66–8).

Inflation stood at 10.3 per cent when they entered power, and increased to 21.9 per cent a year later. However, their objective of reducing inflation was achieved as it hit 3.6 per cent in time for the 1983 general election (Thompson 1996: 169). However, Bale questions the extent to which its reduction was the consequence of the monetarist experiment. He argues that it was a by-product of the boost to sterling created through North Sea Oil, alongside high interest rates, the aforementioned squeeze on public spending and borrowing, and due to the fact that rising unemployment was reducing expectations with regard to wage rises (Bale 2012a: 265). Indeed, monetarism would be gradually abandoned between 1983 and 1986 as indicators on money supply proved to be unreliable. More significantly, it was the revenues flowing from privatization which would fund the restructuring of taxation for the better off which would create the incentives to promote entrepreneurialism (Hay and Farrell 2011: 447).

Challenging the mixed economy: The politics of privatization

Although privatization would become the flagship policy of Thatcherism, it only became an integral feature of her administrations after 1983 (Johnson 1991: 144). The shift in the vocabulary from 'denationalisation' to 'privatisation' developed incrementally once in office, and thus the idea that privatization was part of a coherent and ideologically driven blueprint, as argued by Wolfe, is overstated (Wolfe 1991: 237–52). Any commitment to privatize in the first term was 'dwarfed' by the emphasis placed on

monetarism and the embracing of privatization was in part a consequence of the limited success of monetarism (Marsh 1995: 600).

The increased focus on privatization flowed from the realization that it would provide a number of overlapping benefits for the Conservatives. First, for an administration attracted to the idea of reducing public expenditure, transferring state-owned firms and industries to the private sector acted as an incentive for these nationalized entities to seek efficiencies as they could no longer rely on the state to subsidize them. Second, by transferring such activity to the private sector it removed from the state the responsibility for wage determination. The experience of both predecessor administrations in the 1970s had demonstrated how wage determination was politicized and intensified conflict between the government and the trade unions. Transferring this conflict to market forces and the profit motive was an attempt to depoliticize this area of conflict. Third, it generated another revenue stream through the sale of shares, which could cover the loss of revenues from cutting income tax rates. Fourth, privatization created a political and electoral conundrum for Labour. Could Labour win while continuing to adhere to their commitment to nationalization which would necessitate increasing taxation? Ultimately, the Conservative commitment to privatization, and within that the sale of council houses, had created a time-specific electoral strategy. The extent of its popularity would not be sustainable by the Major era, but the Conservatives were calculated to have gained an electoral benefit of 0.9 per cent in 1983 from the council house sales, and by 1987 the wider share sell-offs from privatization increased their vote by 1.6 per cent (McAlister and Studlar 1989: 176).

Thatcher would talk about creating a 'share owning democracy' and redistributing wealth to ordinary working people (to annoy the political left), as well as aligning it to the Eden notion of a 'property own democracy' (to the irritation of the conservative left). And irritation was an accurate way to describe the attitude of traditional paternalistic Conservatives, who now found one nation being used as a critical term, alongside a new label for them – 'wets'. The one-nation paternalists questioned the Conservatism that Thatcher was espousing, which they regarded as an alien import into the Conservative tradition (Evans and Taylor 1996: 229). Gilmour would later lament on the unsavoury aspects of the campaigns by the government to encourage the electorate to buy shares in the nationalized industries. He argued that the 'expensive advertising associated with each sale' was poorly 'disguised party propaganda' (Gilmour 1992: 103). Perhaps the most memorable critique of privatization was from Harold Macmillan. Between 1984 and 1986 he was increasingly vocal in his questioning of Thatcherism, made clear from his 'selling off the family silver' speech to the Tory Reform Group (Evans 1998: 24–31).

The inability of the one-nation wing to withstand the Thatcherite onslaught is one of the more intriguing aspects of the Thatcher era. As identified earlier in the chapter, the Thatcherites did not constitute a majority within the PCP

or within ministerial ranks. However, this does not mean that the one-nation left were the majority. As Norton identified, there was a significant body of agnostics or instinctive party loyalists within the PCP, who were willing to accept the Thatcherite agenda when it produced electoral dividends (Norton 1990: 41–58). For reasons of personal advancement (i.e. ministerial office) or loyalty, many damp Conservatives would make an accommodation with Thatcherism. Those critics of Thatcherism who were in office lacked organizational structures to challenge her agenda (Bale 2012a: 283). Many of their leading advocates were compromised by office in the early years of Thatcherism (e.g. Gilmour, Pym and Prior) and when they did publicly voice their scepticism after leaving office, their arguments were easier to dismiss as the bitterness of politicians deprived of power (Evans 2013: 50). Their alternative strategy was also easy to dismiss as a return to the failed consensus style solutions undermined by the crisis of the 1970s. As a consequence their attempt to create an anti-Thatcher grouping – named Conservative Centre Forward and launched under the leadership of Pym in 1985 – did not make any significant impact (Evans 2010: 208–28).

Industrial relations: ‘The Enemy Within’

Pym wanted to re-establish a ‘partnership’ between government, industrial management and trade unions (Pym 1985: 160–2). However, this corporatist mentality was incompatible with the Thatcherite thinking with regard to industrial relations. The Thatcher years were characterized by rhetoric which demonized the trade unions as the cause of economic decline due to the crippling effects of their strike action and the inflationary impact of their wage demands (Rosamond 1996: 185–6). What was intriguing about their approach to industrial relations was the gap between their manifesto commitments and their subsequent conduct. This was because at the time of entering power they were in agreement on the need to address the trade union problem, but they disagreed on the best way of achieving their objective. Prior (her first Employment secretary) felt that the trade unions should and could play a constructive role in sustaining an efficient and stable form of capitalism. Thus his instincts were towards persuasion and minimizing conflict and confrontation. He wanted to keep the level of legislative measures to a minimum and hoped that the 1980 Employment Act would be sufficient on its own to encourage responsible and moderate trade unionism (Dorey 1995b: 155–6). In contrast Thatcher regarded the trade unions, or more specifically the miners, as the enemy within (Thatcher 1984) and thus she felt that further legislative interventions would be necessary. To facilitate this she removed Prior from Employment and replaced him with Tebbit in the 1981 reshuffle.

Her approach reflected a fear of a repeat of the 1971 Industrial Relations Act where non-compliance left their large-scale legislative intervention non-viable (Marsh 1992: 74–80). A gradualist approach made it harder for the

trade union movement to mobilize their opposition (Moon 1995: 7). Thus the Employment Act of 1980 was followed with further acts in 1982 and 1984, and the Trade Union Act of 1984. Their cumulative impact led to the 'progressive restriction of trade union immunities, the gradual erosion of the lawfulness of the closed shop and secondary action and the ongoing tightening of union ballot regulations' (Rosamond 1996: 190).

The Miners' Strike of 1984–85 was hugely significant for Thatcher, who had a strong desire to win. For in order for Thatcherism to take root within British politics and society she felt it was necessary to defeat the National Union of Mineworkers (NUM), as they were the ultimate symbols of union power, and their President Arthur Scargill was the living embodiment of the militant trade union leader. Second, for the party victory was essential for their political self confidence. The scars of 1973–74 and the fall of the Heath government needed to be overcome (Taylor 2005b: 174). They were on collision course as the Thatcher government was determined to close down uneconomic collieries in preparation for privatization, while the NUM were equally determined to take industrial action and resist any closures (Taylor 2005b: 173). However, Scargill played into Thatcher's hands. The NUM refused to conduct a ballot to ascertain support for strike action. The rationale for this move was Scargill's fear that areas where pits might be deemed viable and thus safe would vote against strike action, but by securing their own futures they would condemn fellow miners' elsewhere to unemployment. The fragmentation of the NUM and its inability to mobilize its membership as a whole was ruthlessly exploited by Thatcher. Scargill was portrayed as bypassing internal democracy out of necessity. Action was not about economic viability but about Scargill's Marxist motives – that is, the aim was political and it was to break down the Thatcher administration. A decade made a difference in terms of popular sentiment. In 1974 support for the employers stood at 24 per cent, with 52 per cent of the electorate sympathizing with the plight of the miners (and 24 per cent in the undecided category). In August 1984 those figures were 40 per cent, 33 per cent and 27 per cent, respectively; and within 5 months of the conflict, a shift away from the miners was detectable – by the end of the year the figures were 51 per cent, 26 per cent and 23 per cent, respectively (Taylor 2005b: 205). However, although Thatcher eventually secured the victory that she craved, there was to be no bounce in the polls as there had been with Falklands (Taylor 2005b: 206–7). Nonetheless, the breaking of the industrial relations pillar of the consensus era was complete.

An active state: Poverty, individual responsibility and social (dis-)harmony

Associated with the pillars of consensus had also been the notion of active government and the pursuit of greater equality as an objective within social policy. The one-nation wing of the Conservative Party was deemed to have

made an accommodation with this aspect of the Attlee settlement partly due to their paternalistic instincts. However, Thatcherites were somewhat contemptuous of the idea that those with wealth should be so concerned about the poor or the gap between the richest and poorest within society (Dorey 2011: 130). The new meritocratic Conservatives from the lower middle classes were encouraged by Thatcher to attribute their achievements to hard work and individual effort. The promotion of individual responsibility encouraged social mobility. It created incentives, but also condemnation. Those that did succeed within the lower middle classes were encouraged by Thatcherite thinking to believe that others could as well if only they worked harder (Dorey 2011: 132).

Whereas the previous generation of Conservative elites had been concerned about social inequality, Thatcherites regarded it not as simply unavoidable but necessary. This was because the pursuit of equality as a governing objective was part of the problem that Thatcherism was trying to reverse. Inequality was justified on the following grounds. First, they tried to outline to those in paid employment that ‘residual poverty’ was the consequence of the ‘dysfunctional’ character of the welfare state. This undermined the work ethic and encouraged a culture of dependency creating a burden on the overloaded state. Second, by arguing that the egalitarianism that underpins universal welfare created disincentives and dependency, Thatcherites argued that it also undermined economic growth and national prosperity (Dorey 2011: 132–41).

However, Thatcher was unwilling to acknowledge a correlation between poverty caused through unemployment and the violence and riots that engulfed the communities of Brixton and Liverpool in 1981. Indeed, the response to the riots captured the divergence between wets and dries on economic *and* social policy. While both one-nation wets and Thatcherite dries justified inequality and thus divergences in income and wealth, they had conflicting views on poverty. The wets argued that collective action through the welfare state was a necessary and suitable means through which to seek to reduce poverty. From their perspective poverty was *relative* to the existing distribution of income and wealth within society at that moment in time. To Thatcherite dries poverty was *absolute*. This then justified a minimal safety net state, and that poverty was best addressed by the market through the trickle effect flowing from wealth creation. Here incentives towards material gain were critical. The wealth-creating capacity of a freer market, characterized by entrepreneurial activity, would create improvements in living standards, and that would include improving incomes at the lowest end. It was egalitarianism that was fuelling the enlargement of the welfare state, whereas Thatcherism was promoting ‘popular capitalism’ to showcase how the market had the capacity to improve the living standards of all. For Thatcherite dries there should be no agonizing over the fact that the gap in incomes and wealth – that is, relative poverty – would increase. The gap between the richest and poorest in society would increase significantly, but this did not matter as the position of the poorest would improve even if their relative position fell (Hickson 2009: 347–52).

Welfare: Modification rather than reversal

Gilmour and Garnett argue that Thatcher was pursuing a 'two nations' philosophy as many communities within the inner cities regarded dependence on the state as a way of life (Gilmour and Garnett 1998: 323). However, the welfare strategy of the Thatcher administrations may not have reversed the welfare pillar of the consensus thesis, but it certainly modified it. Even her leading advocates question the overall success of her social policy strategy. If the objective was to cut (or even control) expenditure on public services then they failed according to Ridley (Ridley 1991: 85). Of course this was an immensely difficult task given the massive increase in unemployment, which had inflated the social security budget (Gilmour and Garnett 1998: 321). Attempts at reform were 'incremental' and not that 'innovative' until the third term (Pierson 1996: 214). In addition to redesigning the means testing of housing benefit and income support, the Thatcher era would involve the freezing of Child Benefit. Money-saving objectives underpinned the decision to break the link between pensions and average earnings, and incentives were offered to encourage people to contract out into private pension plans (Bale 2012a: 266).

What of the NHS? This was not necessarily a contentious issue within the party but became an increasing electoral concern. The Thatcher administration was routinely criticized by the electorate who held a view that the NHS was suffering from under investment. A negative image of shortages, longer waiting lists, bed closures and postponed operations gave credence to opposition claims of 'Tory cuts'. There was real evidence of public disenchantment about the performance of the NHS (Bosanquet 1988). And yet the Thatcherites would keep emphasizing that there was a real terms increase in spending on the NHS during their first two terms in office, but neglected to acknowledge that with an ageing population a 2 per cent increase per year was needed just to stand still (Pierson 1996: 210). She was 'cautious' during their first two terms in office, and she felt the need to reassure the electorate the NHS was 'safe in their hands' to 'soothe their anxieties' (Campbell 2003: 509). Her caution reflected her fear that the NHS was Labour territory and it was not possible to 'win' on this ground, and thus it was too politically 'dangerous' to take it on (Campbell 2003: 169–70). However, in her third term, as the negative reporting on the performance of the NHS intensified, she felt compelled to reform. Her imposition in 1989 of the 'internal market' (creating a split between GP fund holders who purchased care for their patients, and health authorities) was to be highly controversial (Webster 1991). The attempt to introduce market disciplines to drive up standards by enhancing efficiency fed the Labour narrative that the Thatcherites were hatching a plot to privatize the NHS. Reform intensified public concern. By 1990 73 per cent of the electorate disagreed with her claim that the NHS was safe in Conservative hands (Campbell 2003: 552–3). Significantly for Conservative backbenchers worried about holding onto their seats, the fact that it was so unpopular was a significant concern (Gilmour and Garnett 1998: 341).

Foreign policy: Reasserting British prestige and influence

In terms of foreign policy it is clear that upon entering power Thatcher recognized that Britain was a middle-ranking power that had been weakened by 'economic decline' (Thatcher 1993: 9). Her strategy was to project herself as a 'cold war warrior' (Fry 2008: 182) and to adhere to fixed principles based on opposition to communism and national independence within the EEC. A more sceptical and aggressive stance was adopted with regard to the Soviet Union. She offered virulent anti-communist rhetoric and questioned the emphasis on detente that had characterized the approach of the 1970s (Thatcher 1993: 65). She felt that although the language of detente was admirable it could not mask the fact that during the pursuit of detente the numeric strength of the Soviet armed forces had increased (Young 1989: 170). Reiterating the need for nuclear capability also created political benefits as it enabled them to exploit the defence issue at elections. This was notable during the 1983 general election, where 77 per cent of the electorate disagreed with Labour's unilateralist position (Butler and Kavanagh 1984: 282).

She understood that 'prestige was a form of power' (Reynolds 2000: 256), and she famously 'exploited the Falklands triumph as a symbol of Britain's rebirth under her leadership' (Campbell 2003: 254). The Falklands experience was traumatic for the Conservatives (forcing the resignation of Carrington from the Foreign Office for failing to foresee the imminent invasion), even if it provided a significant turning point for the government after the economic difficulties of the 1979–82 period. Thatcher quickly framed the debate as being between 'British virtue' and 'aggression' on behalf of Argentina. The military option would be necessary, even if Carrington's replacement, Pym, was more diplomatically minded (Thatcher 1993: 179–81). The Falklands War proved to be a triumph for Thatcher. Her strident cry of 'rejoice, rejoice' may have 'grated' with some, but she captured the jingoistic mood of a significant proportion of the electorate who took pride in a 'brief revival of imperial glory' (Butler and Kavanagh 1984: 27).

One of the intriguing aspects of the Falklands War was its impact upon the popularity of the government. Academic debate followed thereafter about the extent of this 'Falklands factor'. Clarke et al. argued that the impact was longer term and led to an increase in government popularity of over 7 percentage points and that this was a significant factor in explaining their re-election in 1983 (Clarke et al. 1986: 123–41; see also Clarke et al. 1990: 63–81). Although Sanders et al. would argue that the extent of the Falklands factor was being overstated, and that its impact was at most only 3 percentage points, they do not deny the existence of it being a positive benefit to the Conservatives (Sanders et al. 1987: 281–313).

Securing electoral dividends on the European issue would be more problematic. When Thatcher entered Downing Street she supported inter-governmental cooperation with the EEC with regard to economic, foreign

and defence policies. This confederalist position was the mainstream position within the Conservatives, and on either side were a small band associated with the European cause who could countenance a federalist agenda, and an equally small grouping of anti-marketeers (Ashford 1980: 110). During their time in office these configurations of opinion would alter and the dominant confederalist grouping would fracture. However, European issues would not be a source of conflict in the early years of Conservative governance post 1979. But the European issue would in some way be linked to the loss from cabinet of Heseltine in 1986; Lawson in 1989; Ridley and Howe in 1990, and of course it was a contributing factor in the downfall of Thatcher herself (Ludlam 1996: 109). The Thatcher era would see an evolutionary wave of debates about first, financial considerations and the budgetary contribution; second, the economic benefits that could be accrued from market liberalization on a pan-European Community scale; and third, the institutional debates on the direction of the European project in which entry into the Exchange Rate Mechanism (ERM) became a source of disagreement.

The first wave to address was the budgetary battle. The net financial contribution that Britain was expected to make had risen steeply under the previous Labour government. This meant that despite being the third poorest member they were the second largest contributor. Thatcher was determined to address this and calling to account an 'overspending bureaucracy' fitted in nicely within her ideological convictions, as the weakness of the British economy meant that the costs of membership were 'politically significant' (Crowson 2007: 48; Gifford 2008: 91). The budgetary issue 'both inaugurated and signalled the Thatcherite way' of operating within Europe, as she eschewed consensus and coalition building associated with conventional diplomacy (Gifford 2008: 91). She was confrontational and her 'handbagging' methods were summed up after the Dublin European Council meeting in November 1979 when she said: 'we are asking for a very large amount of *our own money back*' (Thatcher 1979). The issue was not addressed until June 1984 at Fontainebleu when it was agreed that Britain should be given an ad hoc refund on its contributions alongside an annual rebate (Gifford 2008: 87). Gilmour would question her motives. He felt that she thought she could 'win some kudos and popularity' by standing up against the 'foreigners', and not only was a 'running row with our European partners the next best thing to a war [for her], it would divert public attention from the disasters at home' (Gilmour 1992: 240).

The second European wave related to the creation of the single market was accepted 'relatively harmoniously' (Seawright 2004: 143). George notes that the Thatcher governments were keen to turn 'the direction of discussion' within the EEC towards 'the practical achievement of a free internal market' and 'away from discussions' about institutional developments (George 1990: 177). Thatcher was a 'willing participant' in the moves towards a single market, but failed to appreciate that it was an 'acceleration of the unification process' (Crowson 2007: 51). At the time the claim was that this was the

implementation of 'Thatcherism on a European scale' (Young 1998: 333). It enabled them to 'entrench neo-liberalism as a global hegemonic project', having appeared to demonstrate an 'apparent convergence of economic policy across Europe with that of the British Conservative party', thus 'establishing the British government as a leading player' (Gifford 2008: 89, 95). Buller provides an interpretation that suggests that this was evidence of a Thatcherite attempt at the 'Europeanisation' of the British political economy (Buller 2000), which would 'bring external pressure to bear on supply side issues, secure domestic autonomy and have free market ideas accepted' (Crowson 2007: 51).

However, while 1986 is the year of the Single European Act (SEA) leading to a single market in 1992 and thus a high point for Thatcher on Europe, it is also the year when real evidence starts to emerge of a split within the Thatcherite faction of economic dries over the merits of membership of the ERM. The debates over the merits of ERM membership would operate in tandem with the realization that the SEA was 'not the end in itself' as Thatcher thought, but a 'means to an end' for the new European Commission President, Jacques Delors (Geddes 2005: 123). Delors used the SEA to 'create the basis for future spillover initiatives' and 'by playing to Thatcherite neo-liberalism, the British guard was lowered' which 'enabled suggestions of further integration to be put on the Community agenda'. Thus, Thatcher 'underestimated the expansionist elements' of the SEA because she 'believed that her free market agenda had been victorious' (Gifford 2008: 89–94).

Confirmation of Thatcher's 'awakening to the European threat' (Crowson 2007: 53) was evident in her Bruges Speech of 1988. The speech is best remembered for her comment that 'we have not successfully rolled back the frontiers of the state in Britain, only to see them reimposed at a European super-state exercising a new dominance from Brussels' (Campbell 2003: 607). It was a response to her growing realization that for Delors the SEA represented the 'rejuvenation of the European project and the integration in other areas linked to the single market such as social, economic, fiscal, monetary and regional policies' (Geddes 2005: 123). However, her intervention rejected the approach that her administration had been adopting and it appeared to be an admission of failure – that is, that her government had been unable to find a viable position within Europe (Crowson 2007: 53). For the rest of her tenure her discourse on Europe would be framed by four factors. First, other member states had 'reneged' on the adherence to free market principles as adopted in the SEA; second, the legal, political, social and economic institutions of Britain and the EEC were 'incompatible'; third, that British sovereignty was being threatened by autonomous European institutions; and fourth, that the spillover consequences of the SEA into social, fiscal, economic and monetary policy were 'unacceptable' (Geddes 2005: 125).

Her rhetoric legitimized Euroscepticism. It also intensified the divisions at the top of the party (and within the Thatcherite economic dry faction) as she implied that pro-European Conservatives were 'complicit' with the Delors project (Gifford 2008: 96). ERM membership would become the

battleground. Traditional pro-European Conservatives would now find allies amongst arch economic Thatcherites in the shape of Howe and to a lesser extent Lawson (Lawson was pro-ERM but less accepting of EMU than Howe) (Seawright 2004: 148). Pragmatically, Howe and Lawson saw further integration within Europe as an essentially limited project but one which could aid domestic statecraft (Gifford 2008: 96–7). Howe and Lawson believed that the ERM could provide an external anchor and address the damaging effects on the domestic economy caused by the impact of fluctuating exchange rates and provide the basis for a viable anti-inflationary strategy (Lawson 1992: 647–57, 923; Howe 1994: 448). As a prelude, Chancellor Lawson had since 1986, (against the instincts of Thatcher), begun to shadow the deutschmark as a means of facilitating entry into the ERM (Lawson 1992: 647). The Madrid European Council of June 1989 would see Thatcher bounced into agreeing to set a timetable for entry into the ERM by 1992. If no commitment to do so was made by Thatcher, then both Howe and Lawson would resign (Lawson 1992: 933).

The threat of a joint resignation and the decision to set up a timetable for entry into the ERM (achieved in August 1990) was to have implications for the future of the Conservatives, although the consequences would not become apparent until their fourth term. By the time of their humiliating ejection from the ERM on Black Wednesday in September 1992, Thatcher, Howe and Lawson would all have left office. Lawson would resign from the Treasury in October 1989. Howe would be removed from the Foreign Office in June 1989 and, after a humiliating year serving as Leader of the House and Deputy Prime Minister, his resignation would be the trigger for the removal of Thatcher herself. The primary reason for her removal would be fear that she would lead the Conservatives to defeat. Lawson feared that she would seek a fourth term on the basis of ‘crude populist anti-Euroscepticism’ (Lawson 1992: 922). This was a valid conclusion for Lawson to make. After all, her strategy for the 1989 European Elections was ‘bring Conservative voters – so many of whom were thoroughly disillusioned with the Community – out to vote’ (Thatcher 1993: 749). The Conservatives lost in 1989 and many feared a repeat in 1991 or 1992. After a decade of pursuing Thatcherism, breaking down many of the pillars of consensus and repudiating the trajectory of post-war Conservatism, real doubts existed about her persuasive capabilities moving forward. She was leading, but did the Conservatives, and enough of the electorate want to follow?

Justifying Thatcherism: Persuasion and electioneering

The governing strategy identified above demonstrates that Thatcher believed that her mission was to save Britain (and the Conservatives) from the politics of the consensus era. This would involve educating the public in

order to change public expectations about the role of the state (Crewe and Searing 1988: 375). The most notable aspect of this was the attempt to persuade the electorate that full employment was not part of the proper role of government. (Moon 1995: 6). That they managed to secure re-election when unemployment had increased challenged a key assumption of post-war British politics – that is, that excessive unemployment would result in electoral defeat. Thatcherism thereby contradicted the spatial theory advocated by Downs. This implied that rational politicians operating within two party systems need to eschew ideology and dilute their message in order to appeal to the floating voter located within the centre ground (Downs 1957: 96–101; 132–6). Thatcherism was the antithesis of this. Instead of moving herself and her party towards the prevailing attitudes of the voters, she attempted to reshape the attitudes of voters – politician-driven politics, as opposed to voter driven (Crewe and Searing 1988: 375).

Through her oratory she sought to justify her policy choices and governing strategy. She would attempt to relate to the electorate by emphasizing her affinity with their concerns and aspirations. This appeal was directed not just at the middle class, but also towards the aspiring working class, for whom her emphasis would be on the possibility of social mobility through adherence to shared British values – family values, individual responsibility, self-reliance and property ownership (Crewe 1988: 31). Tied into this rhetorical appeal to shared interests was to be the search for scapegoats for the crisis of the 1970s, be that the destructiveness and undemocratic nature of trade unionism; the punitive taxation and high inflation associated with Labour governments; the threat to family life created by the permissive generation; the undermining of the work ethic created by excessive social security payments; the desire of the left to understand the causes of crime rather than the need for deterrent and punishment; and coded references to difficulties of assimilating the high volumes of immigrants in the post-war era (Dorey 2014). Such a rhetorical approach reflected her tendency towards black-and-white thinking (Dyson 2009: 38) and her way of seeing the political world as being ‘divided into friends and enemies, goodies and baddies’ (King 1985 132). However, by such confrontational rhetoric Thatcher was seeking to harness support through fear and by identifying enemies.

To what extent did the politics of Thatcherism change the character of the electorate – how deep was the shift to Thatcherite values? Thatcherism was the beneficiary of social change and they utilized power to accelerate those processes of social change to their advantage (Crewe 1988: 29). Social trends within the 1980s worked to the advantage of the Conservatives and to the disadvantage of Old Labour. Between 1974 and 1987 the Conservatives secured an overall swing of 2.2 per cent, but that rate of swing was zero among the middle classes, but 4 per cent among the working class, which was declining as a proportion of the electorate. The Conservatives used power to diminish the size of Labour’s core vote, while simultaneously challenging working-class loyalty and party alignment (Crewe 1988: 32).

For example, the number of shareholders increased (from 7 per cent in 1979 to 22 per cent by 1992) as trade union membership declined (from 13.2 to 7.8 million between 1979 and 1997). Home ownership increased from 57.2 per cent in 1979 to 71.0 per cent by 1987 and council tenants declined in the same period from 31.4 to 22.9 per cent (Pattie and Johnston 1996: 45–6). Voting theories based around class alignment became challenged, and new cleavages emerged around voters reliant on the state for employment and services, and those dependent upon the market, with those in the first bracket inclining towards Labour, and those in the latter tilting to the Conservatives. This provided an electoral incentive for the Conservatives to reduce the state (Pattie and Johnston 1996: 51).

However, when it comes to analysing the extent of ideological change there is evidence to suggest that the pursuit of Thatcherism did not create a Thatcherite nation (Crewe 1988: 25–50). Over the period of Thatcherite governance, the indicators with regard to the prioritization of inflation over unemployment moved away from Thatcherite thinking. In 1980 52 per cent wanted inflation to be the priority and only 42 per cent unemployment, but by the latter part of the decade, 75 per cent identified unemployment as the priority. Equally the balance between spending on public services and tax cuts moved away from Thatcherite solutions. These figures were 37 per cent on each when Thatcher entered Downing Street, but 66 per cent wanted increased spending on public services and only 11 per cent further tax cuts by her third term (Crewe 1988: 34–9).

Therefore, the electorate did not necessarily endorse the governing strategy that Thatcher had imposed upon them. The dominance of the Conservatives in the age of Thatcher was not necessarily a reflection of the ‘strength’ of Thatcherism. By historical standards her parliamentary majorities were impressive, but if we consider vote share, the victories of 1979, 1983 and 1987 look somewhat less impressive. At between 42.3 and 43.9 per cent of the electorate these are lower vote shares than the victories of 1951 (48.0), 1955 (49.7), 1959 (49.4) and 1970 (46.4), and the landslide parliamentary victories of 1983 (42.4) and 1987 (42.3) were lower in vote share than the 1964 defeat on 43.4 (Crewe 1988: 26). Thus the primary reason for the success of Thatcherism is the lack of a credible alternative. The election victory of 1979 was a by-product of the discrediting of Labour as a party of government due to the cumulative impact of the IMF crisis and the Winter of Discontent. The fracturing of Labour and the formation of the Social Democratic Party (SDP) in 1981 contributed to a more even split between the Labour and third-party vote in 1983 than in previous post-war elections. That Labour secured 27.6 per cent and the SDP and Liberals were combined on 25.4 per cent explains why Thatcher (on 42.4 per cent) secured a parliamentary majority of 144. Thirteen years earlier Heath secured a far smaller majority (31) from 46.4 per cent of the vote, but the gap between Labour on 43.0 and the Liberals on 7.5 per cent was far smaller. Therefore, the self-destructive infighting within Labour in the

aftermath of defeat in 1979 was central to the longevity of the Conservatives in office thereafter. Their reaction to defeat and the policy and institutional changes that they fought over created an image of extremism and division, which meant that they were viewed as being unworthy of office. That Labour leaders such as Michael Foot and Neil Kinnock were so widely lampooned by the Conservative-dominated press was another advantage that aided the Conservatives throughout the Thatcher years (Pattie and Johnston 1996: 41–2).

Thatcher had done what the Conservatives asked of her after the traumas of the 1970s. She had provided them with a means to obtain and retain office. Thatcherism appeared to have enabled the Conservatives to once again dominate British government and politics. Thatcher ‘wanted to create a new consensus informed by [the] values of economic individualism, national independence and conservative morality’ which meant ‘that even if the Conservatives lost office in the future any successor government would be obliged to govern within the new constraints which [Thatcherism] had established’ (Gamble 1996: 28). However, the Conservatives had to recognize that they needed to solve the puzzle of the post-Thatcher era, either due to loss of office (and constraining a future Labour administration as implied above), or by changing leader while remaining in power. Thatcher herself did not seem to be planning for a defeat or an early succession while in office.

Consolidating Thatcherism: From Thatcher to Major 1990–1992

As her tenth anniversary as prime minister in May 1989 passed, Thatcher announced that her intention was to lead the Conservatives into the next general election, and that she intended to serve through the majority of that fourth term, possibly stepping down in 1994 or 1995 (Thatcher 1993: 755; 832).

However, the 18 months that followed her tenth anniversary as prime minister saw the Conservative opinion polling position slip due to a combination of factors. First, voters were increasingly concerned about the state of the economy, particularly resurgent inflation, increased interest rates and negative equity. Second, there was the impact of the poll tax, which was introduced in 1989–90 to replace the domestic rating system for funding local services. Its controversy stemmed from the fixed charge element for all adults with only a few exceptions or rebates. The new system was deemed to be unfair and in the event many refused to pay. For Thatcher the rationale was clear. Labour local councils were prone to charging more (not because they represented communities in more inner city areas, but because they were Labour) (Gilmour and Garnett 1998: 343–4). If voters had an incentive to

understand the cost of their local services, it was assumed that they would turn to the Conservatives as the party best equipped to charge them the least at local level (Gove 1995: 175). Initially the PCP had been 'obedient', but when it led to protests in London in March 1990 (that led to rioting), concerns began to intensify. By the summer of 1990 approaching 70 per cent of the electorate opposed the poll tax, and nearly 100 Conservative backbenchers (especially those in marginal constituencies) had 'reservations' (Gilmour and Garnett 1998: 343).

The third factor undermining the Conservatives was the divisions within the Cabinet. Specifically, as mentioned earlier, the working relationship between Thatcher and Howe had all but collapsed, leading to his removal from the Foreign Office in June 1989 and his redeployment as Leader of the House of Commons and Deputy Prime Minister. Then Lawson resigned as Chancellor in October 1989. Irritated by her reliance on the advice of her own economic policy advisor, Alan Walters, and the perception that this undermined him, Lawson decided he could not continue (Gilmour and Garnett 1998: 342–5). The resignation of Lawson, so shortly after the demotion of Howe, undermined Thatcher. Lawson's resignation coincided with the timetable for the annual election of the party leader (Campbell 2003: 691). Anthony Meyer, an obscure backbencher, decided he would dispute her re-election. Meyer stood on behalf of the economic damp, Europhile wing of the PCP. Although he was not a heavyweight candidate, the fact that he stood was serious, as he gave all of those who had been dismissed, disappointed or disenchanted by Thatcher an outlet through which to begin the process of undermining her and eventually removing her (Baker 1993: 320).

Thatcher scored an overwhelming victory over Meyer, but psychologically the process was immensely damaging. The mere fact that a challenge was launched was a warning. If a candidate such as Meyer could garner nearly 30 protest votes, and allow around 30 more to register their disapproval, then what might happen if a heavyweight candidate emerged? Many assumed that this could be first of a number of leadership challenges that could occur between now and the general election (Campbell 2003: 696).

Twelve months later Heseltine emerged as that heavyweight challenger. He had served under her as Environment Secretary (1979–83) and then Defence Secretary (1983–86). He had resigned from the Cabinet in January 1986 over a dispute about the future of the Westland Helicopter company. On resigning he was to be strongly critical of her leadership style notably her handling of Cabinet. His differences with Thatcher went beyond stylistics. He was pro-European, economically damp and socially liberal. Ever since his departure from Cabinet it was assumed that Heseltine was positioning himself to succeed her, but to do so after her defeat at the polls, or after someone else had challenged her without winning but had forced her resignation and created a vacancy (Crick 1997: 344).

However, his strategy was to be undermined by the unexpected resignation of Howe. The timing of his resignation (1 November) was

critical. It dovetailed neatly into the annual re-election of the leader. In his parliamentary resignation speech Howe, with hitherto unknown passion, outlined the policy disagreements that had existed between himself and Thatcher and the problems associated with her leadership style. He concluded with a non-too-subtle coded message: 'the time has come for others to consider their own response to the tragic conflict of loyalties with which I myself have wrestled with for perhaps too long' (Shepherd 1991: 1). In offering an appraisal of the impact of Howe speech, Miller concluded that he had never seen

a demolition job done with such meticulous artistry. . . . In content, timing and delivery, it was a killer of the highest class, in turn, witty, factual, regretful and lethal. . . . He had not come to praise Margaret, but to bury her, and in eighteen minutes he had dug her political grave, filled it in beyond possibility of exhumation and conducted an autopsy while the victim was still alive and listening. (Miller 1993: 349)

The Howe speech forced Heseltine to declare his candidacy, with only one day remaining before the deadline for nominations (Heseltine 2000: 355). Heseltine constructed his campaigning approach around three issues: first, reforming the poll tax; second, a new approach to Europe; and third, by citing opinion polling data that demonstrated that if he led the Conservatives, they would lead Labour in the opinion polls, reversing the large deficit under Thatcher. While Heseltine fought a proactive campaign, Thatcher was inactive. She gave few media interviews, made no attempt to persuade wavering backbenchers and chose to attend a European Summit in Paris on the day of the ballot rather than remain in London (Heppell 2008b: 81).

Thatcher would pay for her inactive campaigning approach. She had secured 52 more votes than Heseltine (204 to 152), but failed to pass the necessary majority and 15 per cent threshold: she was four votes short (Watkins 1991: 2). Although Thatcher initially intended to fight on, the damage to her authority was irreversible. Even if she did defeat Heseltine in the 'rematch' second ballot it would be a pyrrhic victory. The question of the succession would remain unresolved, as if she waited until 1992 then unless there was a dramatic change in the opinion polls another leadership challenge might occur in the autumn of 1991 (Heppell 2008b: 82). That evening she met individually with the majority of her Cabinet. Her Cabinet colleagues believed that support was ebbing away from her and that she could not win. As such they informed her that the best interests of the party would be served by allowing a non-Thatcher, non-Heseltine, compromise candidate to emerge (Shepherd 1991: 37).

Thatcher chose to resign and became consumed by bitterness about the method of her removal (Campbell 2003: 738). Major (Chancellor) and Hurd (Foreign Secretary) entered the contest to block Heseltine. Momentum

swung towards Major. If Heseltine was disloyal and Hurd elitist, then Major was a unifier whose humble background could be exploited electorally. Major secured the backing of Thatcherites as Thatcher endorsed him, even though Major announced he would reconsider the poll tax. Major defeated Heseltine by 185 votes to 131 with Hurd coming last with 56 votes. Although technically another ballot should have followed under the existing rules, both Hurd and Heseltine withdrew (Shepherd 1991: 78). However, the method through which Major acquired the leadership would explain many of the difficulties he would subsequently experience. He was made leader on the behest of the Thatcherites, but the Thatcherites would rather she had remained in office and furthermore, although he was more right wing than Heseltine and Hurd, he was not really a fully blown Thatcherite. Questions about his legitimacy would remain throughout his leadership tenure (Heppell 2007: 471–90).

There was some confusion on what Major's selection meant. Although Thatcher's removal stemmed from her becoming an electoral liability, the question was whether she was a political liability because of issues of substance (policy) or style (presentation). Those who had voted for her removal by endorsing Heseltine, or then Heseltine or Hurd in the second ballot could have been motivated by substance and style. Those who endorsed Major presumably did so because he was the anointed candidate of Thatcher, and thereby Major would provide the perfect combination of continuity in policy (i.e. Thatcherism) but with a different style. That Major was the candidate of the Thatcherites was just one of many constraints that he inherited. The legacy of Thatcherism and Thatcher was complex: Major had the difficult balancing act of demonstrating that he was a duplicate of Thatcher, without antagonizing the Thatcherites (Evans 1999: 139). Thatcherism was difficult to manage in the immediate post-Thatcher era for the following reasons.

First, Thatcherism had created misplaced expectations among some Conservatives. Their guilt over the manner of her removal contributed towards a revisionist account of the Thatcher years. They began to mythologize Thatcherism. From the vantage point of the new decade, Thatcherism was retrospectively viewed by them as coherent and the golden age of Conservative politics. This was to become the yardstick against which the Major era would be evaluated. Second, Thatcherism was a time-specific governing philosophy. The political climate was turning against the politics of Thatcherism. Non-Thatcherite concerns such as unemployment, social dislocation and inequality were increasing as was concern about the quality of public services. The values of Thatcherism, which were less pronounced than some Conservatives realized, had peaked before her removal (Evans 1999: 139).

This left Major with a conundrum. The first factor demonstrated that Major needed to satisfy the demands for undiluted Thatcherism, and that the revolution should continue. The second factor suggested that Major should soften the excesses of Thatcherism. In the interim period between

acquiring the leadership and the general election, Major appeared to be inclined towards the pragmatism of the second option (Evans and Taylor 1996: 247).

Major had to reverse the symptoms of decline that had engulfed their third term. If he failed, electoral rejection beckoned. If he succeeded and secured his own mandate, he could escape the shadows of Thatcher, the individual, and Thatcherism, the philosophy. Those who condemn Major should consider what faced him when he succeeded Thatcher. His inbox included the following:

- 1 the crisis in the Gulf following the Iraqi invasion of Kuwait
- 2 the problem of the poll tax
- 3 the problem of creating a unifying approach to European policy and
- 4 the problem of the ongoing economic recession.

The immediate concern was the Iraqi invasion of Kuwait in August 1990. The United Nations condemned the invasion of the oil-rich Arab kingdom, and a powerful coalition of forces mobilized to condemn Saddam Hussein. Thatcher had committed British forces to the Gulf War, under US tactical command, in preparation for war if the diplomatic routes failed. Operation Desert Storm was launched in January 1991, by which time Major had been prime minister for only 7 weeks. Kuwait was liberated by March 1991. Iraq accepted unconditionally the outstanding UN resolutions, and military action by allied forces ceased immediately. One big problem remained, however. The British and American dominated allied forces had won the war, but Saddam still remained in Iraq. While there was the hope that the humiliation of defeat might precipitate a coup against Saddam, the danger was that the decision to end the war then would enable the remnants of his army to survive and re-establish dominance in Iraq. From a partisan perspective, the Gulf War had provided Major with an opportunity to showcase his leadership credentials and to look statesmanlike. His reputation was enhanced, as he was widely praised for offering calm and dignified leadership. Shortly thereafter, opinion polling revealed that he was the most popular prime minister for over 30 years, with approval ratings of over 60 per cent (Newton 1992: 136).

The Gulf War dominated the first few months of the Major premiership, alongside the need to reform the poll tax. Identifying and implementing a more acceptable, and voter-friendly, means of financing local government was an essential precursor to securing re-election (Blake 1998: 389). There was a divergence of views between the Tory left and the Thatcherite right on how to deal with the poll tax. Heseltine, newly appointed as Environment Secretary, was initially interested in returning to the old rating system which was an anathema to Thatcherites. After years of attacking the rating system many Conservatives were keen to retain a personal

element in whatever system was adopted to replace the poll tax. Despite its contribution to her downfall, some Thatcherites believed that the poll tax was the litmus test for Major. To continue with it implied that the Thatcher revolution was ongoing; to change suggested that Major was abandoning the radicalism that had defined Thatcherism (Evans 1999: 154). Eventually the Cabinet accepted a proposal to replace the poll tax with a council tax which involved both property and personal elements (Walsh 1992: 57). It involved every household paying a two-person tax, which was to be based on a sliding seven band scale of property value. A discount was made available for single occupiers. The new council tax passed through Parliament before the 1992 general election and came into effect from March 1993 but provoked none of the disharmony that its predecessor had (Seldon 1997: 179). Major had demonstrated considerable skill by navigating his way through these difficulties and manufacturing a more practical and affordable scheme, which 'diffused' some of the public anger (Hayton 2012a: 22).

Europe would be even more challenging. Major realized that the European schism had the potential to split the Conservatives and thus he adopted a tactical rather than a strategic approach (Young 1998: 278). Major recognized that relations with European partners had been damaged in the late-Thatcher era by her antagonistic and confrontational approach. In an attempt to usher in a new era of engagement, Major let it be known that he wanted to situate Britain at 'the heart of Europe' (Seldon 1997: 55). The heart of Europe rhetoric reassured Europhiles made uneasy by the phobia of the late-Thatcher era. He believed, however, that by rejecting the federalist vision shared by some European partners he would be able to placate the Eurosceptics (Evans 1999: 147).

The viability of the Major strategy of blurring the differences would be put to the test at the Intergovernmental Conference of European leaders scheduled for Maastricht in December 1991. The Maastricht summit would be critical to determining the future direction of Europe. The other 11-member states were determined to make progress towards a more integrated community. Particularly problematic would be negotiations surrounding Economic and Monetary Union and the Social Chapter. Major had to be sensitive to the fact that many Conservatives feared the Trojan horse symbolism of the construction of a timetable for economic union. Such Eurosceptics argued that the establishment of a single currency and a European Central Bank would be the essential precursor to political union. Resentment was also evident with regard to the Social Chapter, which could aim to secure harmonized minimum wages and maximum hours, which according to Thatcherite dries would undermine British economic competitiveness (Crowson 2007: 55). Given such reservations, the significance to Major of Maastricht was immense.

Major was to secure a triple success. First, he negotiated the right for Britain to opt out of joining the single European currency scheduled

for 1999. The opt-out should have placated Eurosceptics, but the fact that the possibility of opting in at a later date remained should have satisfied Europhiles. Second, Major negotiated the right for Britain to opt out of the Social Chapter. Third, Major also secured a symbolic concession. The draft version of the Treaty of European Union made reference to the ultimate aim of a 'Union with a federal goal'. Major negotiated that the emphasis on federalism be removed. A vaguer statement on decision-making being taken as close to the citizens as is possible was inserted in its place. Alongside his single currency and social chapter opt-outs, Major argued that the principle of subsidiarity was being accepted and that federalism had been stalled (Evans 1999: 149).

Irrespective of the subsequent civil war over Europe, what cannot be denied is the positive reaction to the negotiated settlement that Major had secured at the time (Young 1998: 433). Maastricht had been a personal triumph for Major. Given his success, his press office with atypical triumphalism, described it as 'game, set and match' to Major (Seldon 1997: 248). Thatcher was less impressed. She felt that Major had been gullible in assuming that Britain could constructively engage within Europe and he had been duped into the federalist strategy. She argued that it amounted to a 'ruinous straightjacket' which put Britain 'on the conveyor belt to a single currency' (Seldon 1997: 251, 328).

Given the size of the majority and the minimal scale of Conservative dissent, Major could have piloted it through the House of Commons before dissolution. However, he chose to delay seeking parliamentary approval before the general election, as he feared providing the opposition and the media with evidence of Conservative divisions. Better to wait until the new parliament as Thatcher was not standing for re-election. Tragically for Major the delay would maximize the perception of division. By then Major led an increasingly Eurosceptic PCP (the new intake being predominantly Eurosceptic) and faced a smaller majority. Moreover, after Black Wednesday the game, set and match claim seemed rather presumptuous (Crowson 2007: 57).

However, in terms of electoral preparations for 1992, Major had temporarily addressed the European dilemma, as well as the poll tax, as electoral issues. The state of the economy was the main obstacle to re-election. In the late-Thatcher era, the economy had entered recession, and support for the Conservatives dipped as national income declined, manufacturing output fell and house prices collapsed. What was particularly problematic for the Conservatives was where the recession was impacting. Early recessions had impacted primarily on the Labour heartlands and thus the electoral consequences were less pronounced. The late-Thatcher, early-Major recession was hitting Conservative heartlands with potentially devastating electoral consequences (Seldon 1997: 238).

That the recession proved to be more enduring than Conservatives had anticipated was compounded by the structural bind that they found themselves in through ERM membership (entered into in September 1990). To stimulate activity and restore confidence, Major and his new Chancellor

Norman Lamont could have cut interest rates. However, the stability of sterling within the ERM did not permit this course of action (Seldon 1997: 238). This self-imposed constraint designed as a mechanism to bear down on inflation, left two options. First, attempt to delude the electorate by refusing to acknowledge the existence of recession, and talk up the economy. This would result in the infamous Lamont quote in October 1991 that 'the green shoots of economic spring are appearing' (Hogg and Hill 1995: 157). Second, they could adopt a political and electoral approach to economic management in the short term to secure a further mandate, and deal with the economic consequences later. Maintaining public spending prior to an election meant that the PSBR ballooned up over £30 million, much to the chagrin of Thatcherites. Critics assumed that Major and Lamont were cynically trying to court approval. Their profligate pre-election spending, compounded by falling tax yields flowing from increased unemployment, would have to be clawed back when they were re-elected through tax increases (Evans 1999: 152).

Electioneering was driven by an aggressive negative advertising blitz to stimulate alarm about the economic competence of Labour. This consisted of the unveiling of one thousand poster sites displaying a World War II bombshell, labelled 'Labour's Tax bombshell', with the slogan underneath stating 'You'd Pay £1,000 More Tax under Labour'. This tax bombshell poster was then followed up with another poster campaign featuring two red boxing gloves. The right glove had more taxes written on it, and the left glove had higher prices written on it. This poster campaign, entitled Labour's double whammy, attempted to imply the knockout impact for average voters of Labour in power. Their objective was to demonstrate how Labour policies would 'fuel inflation, raise unemployment, increase interest rates, make mortgages expensive and difficult to get, cause financial chaos and bring back the winter of discontent' (Newton 1992: 139).

The success of the Conservatives propaganda campaign was thus clearly evident as they framed the contest around the economic incompetence of Labour and taxation (Sanders 1992: 171). But not only did Major manage to imply that the economic plight would be worse if Labour acquired office, but he also succeeded in disassociating himself from blame for the recession. When the electorate was asked to apportion blame for the current economic crisis, 47 per cent blamed the worldwide recession, 46 per cent blamed the Thatcher administrations, and only 5 per cent blamed the Major administration. That such economic woes were associated more with the Thatcher administrations than with the Major administration demonstrated that some of the electorate believed that the transition from Thatcher to Major had constituted a change of government (Crewe 1992: 25–8). In the event, the Conservatives secured 336 seats and Labour 271, with the Conservative percentage lead being seven points and the Conservatives securing 42 per cent to Labour on 35 per cent (Dorey 1995a: 242).

Thatcherism as statecraft

Was Thatcherism a success? Was it helpful to the Conservatives? The answers to these two questions are dependent upon when they are answered. If these were questions asked in 1988, the answer would have to be yes. They were a year into a third term in office, with a parliamentary majority of over one hundred, their primary political opponents were engulfed in a debilitating, distracting and protracted leadership election (between Kinnock and Tony Benn), and they had a commanding double-digit lead in the opinion polls (Butler and Kavanagh 1988: 23). The Conservatives had thus been seen to have won the ‘battle of ideas’ and the arguments of her wet critics within the party seemed to have been pushed to the margins (Dorey et al. 2011: 11). However, that year Andrew Gamble published his seminal account of Thatcherism and their pursuit of a free economy and a strong state. Here he implied that it may be a time-specific form of statecraft for the Conservatives and that it may not be sustainable over the longer term (Gamble 1988).

Thatcher had come to the leadership of the Conservatives at a crossroads. For nearly three decades the party had identified their core belief around the need to provide full employment and thus an acceptance of Keynesianism. Thatcher attempted to challenge this: Keynesianism was not the solution, it was the problem (Taylor 2005a: 136–42). The new core belief was the control of inflation through the pursuit of initially monetarism. This challenge to the traditional assumptions that had defined the party for a generation provoked disquiet. It opened up new labels within the party – her critics and defenders of the status quo were to be derided as wets (a term which was to become associated with one nation) and her advocates were dries. In due course as the Thatcherite emphasis on the free economy and national independence seemed threatened by (or could be facilitated by?) the process of European integration, new divisive labels – Europhiles and Eurosceptic – evolved. That Thatcher was so willing to lead the party from a dry and (later) sceptic position embedded a ‘one-of-us’ or ‘one-of-them’ mentality that was to create longer-term party management difficulties (Foley 2002: 27–30).

The traditional one-nation Conservatives, now derided as wets, struggled to adapt to the new core belief of prioritizing inflation at the expense of unemployment. For wets their concerns were both governmental and electoral. They assumed that rising unemployment would undermine any claim to governing competence (McLean 2001: 222). This assumption was disproved in the 1980s, and the Thatcherite method would create the necessary level political argument hegemony to retain office through the politics of deflection (Tomlinson 2007: 12–13). Thatcher attempted to persuade the electorate as to the causes of economic decline which had culminated in the governing crises of the 1970s. Thus any increases in

unemployment once the Conservatives were in office were a consequence of addressing the governing failures of the 1970s. Past errors, which had provided the dominance of self-interested and unrepresentative trade union leaders, were the cause as opposed to current policies (Stevens 2002: 120).

Deflecting blame onto the trade unions tied into their positioning of Labour in a negative light. The Labour movement as a whole was depicted as 'sectional' rather than 'national' in terms of their interest, and the Winter of Discontent and the Miners' Strike showcased the implications of producer-dominated power. Such sectional producer-dominated interests had 'hijacked' the economic system as they wanted to solidify 'archaic production strategies'. Conversely the Conservatives were on the side of the consumers and representing the national interest. These new rules of the game forced Labour to defend the increasingly less popular trade union movement, or irritate them by challenging them thus creating internal tactical and strategic dilemmas for Kinnock. A similar logic applied to the Conservative pursuit of privatization in the context of Labour's continuing adherence to public ownership as decreed through clause IV (Stevens 2002: 126–7).

However, perceptions of the Conservatives as unified, competent and thus having argument hegemony flowed from the negatives of Labour. Conservative strengths were relative to the crises from the last Labour administration and the factional infighting thereafter. Thatcherite strategy was partly dependent on Labour's continuing commitment to 'old' Labour and internal infighting, a fact that they could not have anticipated would be so successfully overcome by the emergence of New Labour.