Owen Jones and the real story of the last 35 years [1]

Written by **Tim Worstall** [2] | Friday 12 April 2013

Owen Jones tells us that everything, but everything, wrong with our modern world is the late Margaret Thatcher's fault. Apparently this can all be changed by our following the agitprop of a 28 year old unreconstructed Bennite. Call me old fashioned here but I think I prefer to get my prejudices from someone who has actually had time to acquire their own but maybe that's just me being in contact with my inner conservative.

It would also help if Jones were able to be factually correct. I do realise that all the events he is whining about took place before he was even a gleam in his mother's eye but we do have these interesting things called history books that can be referred to [3]:

> This current crisis has roots in the Thatcherite free market experiment, which wiped out much of the country?s industrial base in favour of a deregulated financial sector.

I know that this is the sort of tosh that Jones has been fed for many a year but it just isn't true. As Philip Booth points out [4]:

> Let?s be absolutely clear: in general, the 1980s was not a period of financial deregulation. Insider trading was made illegal in 1980. The life insurance industry, which had been almost free of regulation for over 100 years from 1870, was re-regulated from 1980 to 1982. Bank deposit insurance was introduced in 1979. The sale of investment and insurance products came under statutory regulation from 1986. Further, the first ever regulation of UK bank capital took place under Basel I, agreed while Thatcher was Prime Minister.

That just isn't a "deregulated financial sector".

As to manufacturing, as I have been pointing out for some time now it simply wasn't wiped out [5]. There was a recession, yes, there most certainly was. And manufacturing output is more sensitive to such things than services output (a note to those who claim that more manufacturing would make the economy less volatile). But manufacturing output was higher when Maggie left office than it was when she entered. As it was for Major: higher when he left than when he arrived. Indeed, for both of them, manufacturing output was, on the day they left office, higher than it had ever been in this country. And yes, of course, that is indeed inflation adjusted.

That just isn't what happens in a country with a wiped out industrial base. So it would appear that Jones needs some education in just basic history.

But I will not stop there. No, I will reveal the full and true extent of the entire Thatcherite, neoliberal and globalising conspiracy. I recall the meeting well actually. Madsen and Eamonn of course, the *consiglieri* of the movement. Mrs T, as we were graciously allowed to call her. I was the mascot, being barely out of short pants myself at the time. The Queen appeared in her true lizardly format and David Icke served the drinks (ginger beer for me, said mascot). Now that powert had been gained the basic plan could be implemented: let's get this capitalism, these free markets, red in tooth and claw roaring around the globe.

Which is what led to, as Richard Murphy notes, the most important policy change [6]:

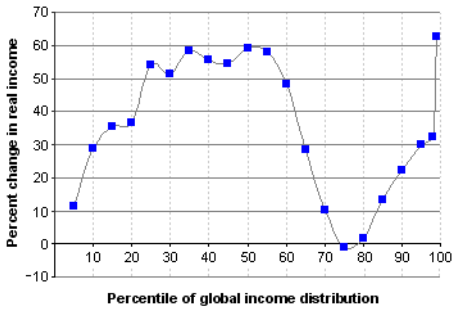
> In one of her first moves on coming to office she delivered capital market liberalisation. What that meant was that money was allowed to roam free around the world.

Yes, exactly: the end of the Bretton Woods idea and the arrival of globalisation. Where the owners of capital could indeed roam the world, free from the trammels of bureaucracy, and exploit underpaid labour wherever they could find it. The end result of which is the world we have today. The one where the Millennium Development Goals of the UN have been met years early. Where we're just seen the greatest reduction in poverty in the history of our species. Where billions have moved from the possibility of the occasional bowl of lentils to those very Granthamite *petit bourgeois* pleasures of three square meals a day.

Or, as Branco Milanovic puts it, and he is the World Bank's guy on this sort of stuff, global inequality is falling and the people who have really benefitted from globalisation are [7]:

> As the figure below shows, most significant increases in per capita income are indeed found among the very top of the global income distribution and among the emerging global middle class, which includes more than a third of the world's population.

That figure being this one:



Yes, indeed, that top 1% has benefitted (and that's the global top 1%, you, me and Jones, those earning over around $50,000 a year). and yes, the 70th to 90th percentiles haven't seen mucdh benefit from it all. Nor have the bottom 10% who haven't actually taken part in globalisation. But look at the increases in income for everyone else! For the 10-70th percentiles!

I do recall what the great question of the 80s on the international stage was. How the hell do we make the poor rich? And the answer was that we had already started that long and difficult process simply by kicking off this neoliberal globalisation thing. The effects on poverty, from Xavier Sala i Martin:

It worked too.

Now of course I am in part joking. David Icke wasn't there. But I will agree with Jones on one thing. We do indeed live in a world that Margaret Hilda Thatcher helped to create. One that's immeasurably better than

the one that existed when she came onto the political stage. She fired the starting gun on the whole great neoliberal experiment of globalisation. The result of which is poverty is halved.

Well, don't you think that's a better world? And all simply because the Lady let capital roam free to exploit where it could.

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