

**A DECADE OF REVOLUTION
THE THATCHER YEARS**

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INTRODUCTION
by Dr Madsen Pirie

The last ten years have seen remarkable change in so many areas of British life. They witnessed the end of the consensus under which, through various administrations, Britain had been governed since the end of world war two. It was a consensus that saw Britain slipping down the international league table of powers into a decline which in turn engendered a feeling of international malaise.

The election of Mrs Thatcher in May 1979 marked an abrupt end to that period. Under three successive governments led by her, Britain has been transformed. In one area after another, seemingly intractable problems have been tackled and decline has been replaced by success. The successes in the economy and other areas of national life have bred with them a culture of success, a spread of the ideas that enterprise and initiative can bring results, that talent and work will be rewarded.

The writers of this work examine many of the aspects in which a transformation has been achieved. The story which they collectively tell is one of a revolution: but not of a revolution complete, rather that of a revolution which is continuing. Many of them, while detailing the results already achieved, point to further progress which could be made. Thus, at the end of the first ten years of the Thatcher administration, the story they tell is one of achievement and success which continues, and for which the need continues.

It is significant in this context that while previous governments in Britain have fulfilled part of their programme and then have tended to drift into a position of consolidating those gains, this government has proved itself increasingly radical as time has gone on. Following a trough of inactivity in 1985-6 the government has shown itself more receptive than ever to radical ideas and appears to have renewed its determination to solve intractable problems. If the last ten years have been ones of change and excitement the prospect is that the decade ahead will prove no less dramatic.

THE YEAR BEFORE THATCHER: JUNE 1978 - MAY 1979
by Norman Gash

It had, one may think, the symmetry and inevitability of classical tragedy. The first act, running from June to October, disclosed the latent menace of the situation; the second, from November to February, examined the workings of human arrogance, greed and folly; the third, from March to May, brought the self-induced catastrophe. All that was missing perhaps was a redeeming nobility of character in the leading roles. Mr Callaghan and the deputy leader of the Labour Party, Mr Foot, though they could justly complain of the filial ingratitude of trade union chiefs, somehow lacked the grandeur of King Lear and his faithful attendant on the stormswept heath.

The drama began sensationally in June 1978 when Mr Callaghan abruptly converted a motion of censure on his chancellor of the exchequer into a vote of confidence in his government. At this point some minor players, in the best stage tradition, contributed significantly to the unfolding of the plot. The Liberals and the Welsh nationalists abstained from the division and this enabled the government to survive by the narrow margin of five votes. Unwitting instruments of fate, they thereby closed to Mr Callaghan the only honourable escape from a position which was already difficult and was soon to become intolerable.

Troubles now came thick and fast. Unemployment (which had been running at just over 600,000 in 1974) rose by the late summer of 1978 to 1.3 million. A thoughtful economist at Sussex University predicted that by the year 2,000 it would reach five million. As the summer wore on trade union discontent with the government's policy of limiting wage increases to 5% began to find outlet in acts of defiance. Electricians and plumbers planned strikes at selected hospitals; blue collar workers called for unofficial one-day strikes in pursuit of their pay claims. Ford workers rejected a pay offer of 5% and the fifteen unions concerned proposed a total closure of all twenty-three plants. More ominously still the executive of the National Union of Mineworkers decided to support a resolution at the forthcoming Trade Union Congress opposing any further governmental wage restraints.

Meanwhile the leader of the Liberal party, Mr Steel, indulged in a certain amount of by-play in the wings by first hinting at a possible electoral pact with the Conservatives and then threatening to force an early election by refusing to vote for the Queen's speech at the opening of the next parliamentary session unless he were given a referendum on proportional representation.

On the eve of the Labour Party Conference at Blackpool in October the prime minister in his turn virtually threatened to resign if

the Labour movement did not support his pay policy. Next day Mr Foot showing more than his customary prescience, told the assembled delegates that further inflation would 'wreck any chance of Labour Government getting back at the next election'. The warning came too late or went unheeded. The block votes of the unions carried the day and wage restraint was rejected by a two to one majority. A loyal motion supporting the government's economic strategy was defeated by an only marginally less contemptuous vote. Mr Jenkins, one of the more prominent of the trade union spokesmen, advised ministers to return to free collective bargaining. 'We need flexibility and a labour market planning to get away from the strait jackets of the past. It demands a fresh approach from the Government'. History being a great dealer in irony, he was in the end to get what he was asking for thought not in the manner nor from the particular government he had in mind.

With the cabinet's policy repudiated by its own party, act two of the drama presented a scene of widening industrial misrule, or what the embittered prime minister (never at a loss for a phrase) called 'free collective vandalism'. The Ford workers' negotiators rejected a pay offer of 16.5%, the miners with a proper sense of their own dignity requested a 40% pay increase and a four-day working week. The humbler postmen confined their demands to a mere 24%. Strikes of workers in the food industry threatened a shortage of bread. An overtime ban by tanker drivers began to affect supplies in some districts of fuel oil and petrol. British Rail was faced with strike action by militant locomotive drivers. It began almost to appear as if no self-respecting trade union could afford to remain aloof from the general rush to put in wage claims. The National Union of Teachers discussed industrial action even before their employers had an opportunity to consider their demands for wage increases of up to 30%. These were only the larger symptoms of industrial unrest. A later independent survey challenging official figures suggested that in the course of this winter of discontent two out of three manufacturing companies were affected by strikes and stoppages.

What caught the horrified attention of the public was what happened in the National Health Service. When garbage piled up in the streets because municipal dustmen were on strike it was an insanitary nuisance but it was not seen as an immediate threat to health. Closure of hospital services was a more serious matter. When some workers at the West London Maternity Hospital were dismissed for cutting off the water supplies, engineers at Charing Cross Hospital walked out in sympathy and pickets started to turn away lorries delivering heating oil and oxygen cylinders. As a result the hospital authorities had to cancel further admissions of patients and all except emergency operations. Little incidents were revealing. In South Yorkshire two ambulance men were collecting a patient (ironically a former miners' union official) when their radio announced that all out-patient journeys were halted as a consequence of a ban on overtime. They left their elderly, chronically sick and almost

helpless patient standing on the pavement in four inches of snow while they drove off.

Hospital patients in Birmingham seemed peculiarly at risk. In January burst water pipes flooded a number of wards in two hospitals in the city. More than seventy inmates, many of them children or old women, some seriously ill, had to be evacuated. Some incidents bordered on the macabre. At one Birmingham hospital where sixty cancer patients had already been evacuated, the porters declared one ward 'black' because a nurse had been seen taking a wheelchair in for one of the patients -- work which was the prerogative of the porters. When two inmates of the ward chose that inopportune moment to die, the porters refused to remove their bodies. They lay there for several hours before eventually being taken away by nurses and medical students. Incensed by this the porters then refused to allow the delivery of food and medical supplies to the offending ward.

In Liverpool where (as had also happened in other towns in Lancashire) sixty-five grave diggers and crematoria workers had gone on strike, the health authorities accumulated over two hundred corpses which they stockpiled in a disused electrical factory. The weather fortunately was cold, but the prophylactic effects of the British climate, even in an exceptionally harsh winter, could not be expected to endure indefinitely. Plans were therefore discussed for alternative burial at sea. There was, explained the area medical officer of health delicately, a problem 'due to the state of putrefaction'.

In the presence of such reports the proposals put forward by Mr Callaghan at Blackpool for giving workers' representatives a share in hospital management with the object of making the NHS 'more responsive to the patients and to the dedicated people at all levels who work for the service', appeared three months later less attractive. There was by this time very little news which could be of comfort to the beleaguered prime minister. At the end of November British Steel announced that it had lost £151 million in the six months ending in September. This brought their total losses during the previous 3.5 years to £944 million, with the prospect that by March 1979 the total would have risen to somewhere between £1,100 and £1,500 million.

By way of light literary commiseration with the plight of heavy industry it was announced in December that The Times, the Sunday Times and the Times supplements would cease publication until further notice, though the management made a conciliatory gesture by postponing staff dismissals for two weeks to allow for talks with the print unions. In January one-day strikes on the railways added to the chaos and encouraged the lorry-driver pickets to become more aggressive. Contrary to stated union policy they began to interfere with even the passage of priority supplies. It was authoritatively reported that the Attorney-General had advised the cabinet that certain forms of secondary picketing might possibly be ruled unlawful if challenged in the courts. Lest anyone should misinterpret this faint smack of firm

government, equally authoritative assurances were given that there was no question at present of the government's trying to launch any action in the courts.

As industrial stoppages continued the damaging consequences spread outward. The unofficial pickets at the ports set up by the 35,000 striking lorry drivers who were demanding wage increases of up to 25%, seriously threatened the flow of imports and exports. A national rail stoppage seemed also unavoidable following the breakdown in January of negotiations between British Rail and ASLEF. The combined effects of the lorry strikes, the disruption to oil deliveries, and the severe weather brought many firms to the brink of closing down entirely and having to lay off their staff. Some had already done so, others had given preliminary notice of closures. In Manchester at one stage public transport was halted at the weekend, petrol pumps ran dry and many schools, shops and offices were left without heating. It was a situation which seemed likely to be repeated in other towns. Elsewhere there were reports of panic buying of fuel and food.

The government's guidelines were crumbling even with its own employees. No sooner was there a prospect of an end to the disruption in the Health Service with the acceptance of a 9% pay offer than a confrontation loomed with its half a million civil servants. The leaders of eight Civil Service unions walked out of talks with ministers when they were offered a paltry 7%. This new conflict brought with it the threat that payment of social security assistance and old age pensions would be delayed, and wider fears that the Inland Revenue Staff Federation would upset Budget planning by refusing to implement any new tax increases. Unofficial action by post office workers was already interfering with the delivery of letters and parcels, and the Post Office urged the public not to post any mail in or to London unless absolutely essential.

The last act of the drama was brief but eventful. It was ushered in by the announcement of the results of the Welsh and Scottish referendum on devolution. In Wales the unexpected four to one majority against the proposal was one of the unkindest cuts suffered by the prime minister. In Scotland the referendum was, because of its indecisiveness, even more damaging. It produced, it was true, a majority for devolution but one that was too small to meet the acceptability standard laid down by parliament. Nevertheless, it was a majority and conveniently ignoring the conditions imposed by the legislature, the chairman of the Scottish Nationalists called for the instant setting up of a Scottish National Assembly.

For the government the negative outcome of both referendums meant that its cautious courtship of Celtic nationalism no longer had any bargaining weight in the Commons. In political terms this was decisive and on 28 March a Conservative motion of no-confidence, supported by Liberals and Scottish Nationalists, was carried against the government. It passed by only one vote; but

one vote was enough to give Mr Callaghan a new claim to distinction. It was the first time for over half a century that a prime minister had been forced into an election by a vote of the House of Commons. In a larger sense however it would be truer to say that it was Trade Union power that for the third time in nine years had brought down the government of the country.

The date of the general election was fixed for 3 May and with the Conservatives enjoying a 7% lead in the opinion polls, the Labour Party could not have looked forward with much optimism to the outcome. The prolongation of industrial unrest among such diverse groups as teachers, print workers and railwaymen, while prices in the shops were rising at a rate of nearly 12%, carried the sense of economic crisis into the election campaign. When in the course of it Mr Prior, the opposition shadow spokesman for employment, pledged that a Conservative government would take a tough line against the trade unions it could hardly have damaged his party's chances. But there was not long to wait. Just before 3am on the morning of 4 May the electoral returns from the constituencies, while still incomplete, enabled Lord Thorneycroft, the Chairman of the Conservative Party, to announce that if the trend continued Mrs Thatcher would have 'a very adequate majority to govern this country for five years'. As it turned out this was an understatement.

THE THATCHER ECONOMIC RECORD
by John Redwood

In 1979 the British economy was in bad shape. Inflation was 12% and rising quickly, forecast to hit substantially higher figures. The balance of payments had been weak in the 1970s and public spending had grown rapidly. The gap between public spending and revenues had been very large, although the substantial cuts in public spending administered in 1976 when the country needed overseas loans to keep going had done something to reduce the large deficit. Productivity had been stagnant for several years, unemployment had been rising and everyone spoke openly about the British disease. Any increase in demand seemed to produce a big rise in inflation. The public sector seemed more or less unmanageable and most of the nationalized industries regularly reported substantial losses.

The Thatcher administration knew that drastic measures were needed. The stated aims were to reduce public spending and public borrowing, to curb inflation by pursuing a tight money policy and to liberate the private enterprise sector to generate growth and more prosperity. The nationalized industries were going to be tamed by making them more commercial and liberating them to get on with the job. Public spending was going to be cut by controlling public sector wages, making the public sector more efficient and by cutting out items of spending like food subsidies. No one pretended the task was going to be easy but in the early months of the first Conservative administration the difficulties threatened to overwhelm the new government. Those of us involved in financial policy between 1974 and 1979 had run shadow budgets and were aware of the seriousness of the position.

Inflation

Between 1979 and 1983 most other economic goals were subordinated to the prime task of cutting inflation. The government consistently told the electorate that only if inflation could be brought down rapidly and kept down could economic recovery begin and other targets be hit. The first year and a half was disappointing. The rate of retail price inflation which had been climbing from 10% at the beginning of 1979 briefly went over 20% in the second quarter of 1980. A great deal of inflation had been pent up in the system prior to the election victory of 1979 and the early decisions of the Thatcher government in its first year of office exacerbated the problem. Most notably, the government had won the election by including a pledge that the so called Clegg awards for public sector pay would be met in full. These awards, based on an analysis of differentials between the public and private sectors, gave to the public sector large wage increases which when coupled with the need to match inflation in

the pay settlements produced an explosion in public sector pay and costs. Money growth had been quite fast in the run up to the 1979 election which fed through into prices.

The Thatcher government put a tight control on the money supply by forcing interest rates high and allowing sterling to rise substantially. It has often been argued that the money squeeze effected between 1979 and early 1981 was too tight and that this caused considerable difficulties for the manufacturing sector. The evidence to support this proposition is distinctly mixed. The velocity of circulation of narrow money continued to rise between 1979 and 1981. Public and private borrowing changed little over those two years: there was no precipitate decline in total borrowing in the economy as a result of the higher interest rates. It is true that sterling rose quite sharply and this applied pressure to inefficient exporters. Nonetheless, it is difficult looking at the figures to see the money squeeze as anything more than a contributory factor to the problems created by the combination of a major downturn in economic activity and the gross inefficiency of British industry. Years of under investment, bad management, bad trade unions practices and an inability to spend time and money on innovation and new products finally came home to roost, cruelly exposed by the severity of the worldwide recession.

From 1981 onwards things started to go much better on the inflation front. The rewards for some limited prudence in public finances and for some tightening of money policy came through in the form of steadily falling price increases from the second quarter of 1980 onwards. By 1983 price increases were running at less than 5% per annum compared with the 20% plus peak of three years earlier and since then price increases remained at or below the 5% mark throughout most of the Thatcher years.

Critics argue that the success in combating inflation was unremarkable given the general disinflationary climate around the world. It is true that German, Japanese and US inflation also declined sharply over the same time period and the Thatcher administration was helped in its conquest of inflation by the subdued performance of international commodity prices and by the general tightening of the world monetary system. However, it is also true that Britain had an especially difficult problem. In the 1970s the fear was that Britain would cease to be one of the leading industrial nations with a relatively sensible economic policy, to become a hyper-inflationary banana republic. The Thatcher discipline and rhetoric ensured that Britain would go back to being part of the community of advanced industrial nations and her inflation performance is now comparable with the leading industrial nations although it is still a little above the average level of the OECD.

The political impact of the attack upon inflation cannot be over estimated. The government gained considerable credit from identifying inflation as the number one enemy and from its determination in the 1979-1983 period to defeat that enemy

whatever might happen elsewhere. The government made it clear to the public that it was not going to worry about unemployment until it had combatted inflation successfully: indeed it believed that the successful conquest of inflation was a necessary precondition for improving the job creation process. All previous administrations had panicked when unemployment rose too fast and had allowed the counter inflation strategy to be overwhelmed by other considerations. Alternatively, under the pressure of rapidly rising prices administrations had turned to prices and incomes controls. This the Thatcher government rightly refused to countenance.

Public spending

The second cornerstone to the Thatcher economic strategy was the control of public spending and the reduction of public borrowing. Here the government was considerably less successful. It correctly identified the strains and pressures caused to the economy by the rampant overspending of the 1970s. At a time when industrial profitability was being squeezed the private sector was finding it difficult to borrow money on advantageous terms in order to reinvest as the public sector was scooping the pool, dominating the markets for people, finance and goods and services. The resulting distortions in the economy were a major reason for the unsatisfactory performance of the wealth creating sector.

However, the Thatcher administration found it extremely difficult to gain control over the public spending machine. In 1977-1978, the penultimate year of the Labour administration, total public spending amounted to £55,000 million. In 1987-1988, a decade later, after nine years of an administration that was said to be tough on public spending total public spending amounted to £177,000 million. This represented a substantial increase in real terms as well as a colossal increase in nominal terms.

The failure to control public spending in the early years greatly complicated the task of economic recovery and of the successful implementation of the overall economic strategy. There were some limited successes in the war on waste and excess public spending. The budget at the Department of Trade and Industry was halved as a result of the much improved performance of the nationalized industries, privatization and the decision to cut subsidies to industry which is an inefficient way of trying to stimulate industrial investment. The housing programme was substantially reduced as the government implemented its policies to encourage home ownership at the expense of council housing. Food subsidies were eliminated, the energy budget was brought into balance as the returns improved on the nationalized energy industries and as privatization proceeded apace.

But against these improvements in the public spending picture a number of major departments incurred ever increasing costs. There was a massive increase in health expenditure as demand went up rapidly and as the government went about implementing very

large real wage awards for nurses and doctors. The 42% increase in real pay for nurses between 1979 and 1988 naturally put considerable strain on the Treasury. A similar thing was happening at the Home Office where a decision to increase the numbers of police and to make substantial improvements in the pay guaranteed a large increase in the budget.

The regions too experienced a spending splurge. Although the Conservative Party wins very few seats in Scotland, and has no representation at all in Northern Ireland, the party decided to go on spending more and more taxpayers' money on these two regions, often continuing economic policies in Northern Ireland and Scotland which it was condemning or reversing in the rest of the United Kingdom. In Scotland and Northern Ireland industrial subsidies, subsidies to nationalized industries, large programmes for housing and redevelopment were all still taking place in the public sector and these too imposed a considerable strain on the Treasury. The European budget, despite the Prime Minister's best efforts to keep the British contributions under some kind of control, rose quite sharply in the first nine years of the Thatcher administration reflecting the growing enthusiasm for corporatist and interventionist solutions in Europe. The defence budget rose dramatically as a result of a deliberate policy to build the country's defences, a pledge made in all three elections.

The most difficult area of all was social security where the costs rose as a result of a large increase in the numbers of disabled, a growth in single parent families and the rising costs of housing throughout the country coupled with some increase resulting from higher unemployment. Social security budgets continued to surge, even in the period 1986-1988 when unemployment was reducing quite rapidly, demonstrating that the underlying momentum of the social security budget was not primarily a result of the poor performance on unemployment in the earlier years.

Despite these substantial difficulties in implementing the policy of public expenditure control the government did have great success in reducing public borrowing. Public borrowing had been running at as much as 10% of total GNP in 1975-1976 prior to the cuts administered at the request of the International Monetary Fund. The IMF had succeeded in cutting it down to around 5% of GNP but it fell consistently from 1980-1981 onwards. From there the Conservative government was able to bring it down to nothing by 1986-1987.

In the early years taxes were raised to meet the very large bills for the increased public spending the government had incurred. In subsequent years the decline in borrowing was facilitated by the surge in tax revenues as the enterprise economy started to perform well and as growth translated into more tax monies coming into the exchequer.

The area of public expenditure control is still one where the

Thatcher administration needs to improve its performance. It should as a matter of urgency review the growing waste and mismanagement in Brussels and renew its determination not to allow the Brussels budget to grow any further. The recent decision in 1988-1989 to sanction a 25% increase in spending in Brussels could be the thin end of a very big wedge. Secondly, the government should reconsider the strategy it is pursuing in Scotland and Northern Ireland, and should reach the same conclusions about the foundations of economic success there that it has reached for England and Wales. Those budgets should be cut. Thirdly, the government could consider moving to a position where it spends nothing at all on energy, trade and industry apart from a small civil service team in a single ministry responsible for certain regulatory safety and licensing functions. Fourthly, the government has to find ways of involving more private capital and private monies in the welfare area: this was one aspect of the Health Service review and reforms and of the work going on in the Department of Social Security concerning the relationship between self reliance and state help.

Privatization

The government's most unique success and an important contributor to the overall success of the economic strategy has been its privatization programme. This began somewhat timidly in the 1979-1983 Parliament, based upon the precedent that Labour had sold some shares in British Petroleum, and on a few ideas to denationalize those industries that had been most recently nationalized by the 1974-1979 government. The sales of one or two enterprises like Amersham and Britoil was also possible as the companies favoured return to the private sector, making the issue less contentious. From 1983 onwards the government went into top gear on privatization of major public utility monopolies starting with British Telecom.

The results of this process were startling. Firstly, the sales brought in useful monies which could then be reinvested elsewhere in the public sector in the large capital investment programme undertaken by the government. An order of magnitude was that the government invested three times or four times as much as it received in privatization proceeds, so far from it being the case of the government divesting itself of all of its capital assets, the government was finding a way of partially funding its asset renewal and expansion programme.

Secondly, the process of privatization itself, the preparation for it, the improved management styles and the more commercial approach, meant that performance improved in several crucial industries. British Airways was transformed from a loss making airline with little customer appeal to a highly profitable and successful airline which in 1987 won the vote of businessmen around the world as the world's favourite. British Steel was transformed from being Europe's least productive and inefficient steel company into being Europe's most productive and profitable,

with productivity rivalling that of the Japanese. Its successful transition to the private sector in the autumn of 1988 reflected its change of status and was welcomed not only by the management but also by the employees who wished to participate as shareholders. The sale of Jaguar from British Leyland to the private sector was the signal for a major change of attitudes in that company, with a new emphasis on training, on co-operation from the workforce as shareholders, on quality and product improvement. The results included a large improvement in investment and profitability and a substantial improvement in Jaguar's standing in the world.

Thirdly, the privatization programme freed the enterprises of the past in the private sector to make their own judgements concerning the level of their investment and the type of service they wished to offer. British Telecom had always been constrained by capital controls in the public sector but is now free to spend any amount of money it sees fit which it can raise from the private marketplace. The British Airports Authority wanted to be privatized: it soon used the opportunity to acquire a property company, strengthen its property development activities and improve its use of the retail opportunities at the airport locations.

Fourthly, privatization provided an opportunity too strengthen the controls over matters of national interest in those industries being privatized. For example, there was no real sanction over the quality of the public telephones or the availability of telephones to consumers out of the privatization of British Telecom. The establishment of the Office of Telecommunications enabled the government to set standards and to threaten revocation or amendment of the license if British Telecom failed to meet the rising expectations concerning service quality. The evidence from the independent OFTEL shows that after privatization those areas opened up to competition improved service quality dramatically whilst those areas which were only regulated failed to improve as fast as the public wanted. In no case did the service quality deteriorate. OFTEL then began to strengthen its hand demanding improvements, some of which are now taking place.

The proof of the success of privatization can be seen in the number of countries worldwide now seeking to emulate the British programme. They too are interested in raising money, in improving the economic performance of their industries, in involving employees in share ownership and improving their policy grip over matters of national interest. Privatization offers them a route to do so. Out of the list of nationalized industries present in 1978-1979 thirteen out of the eighteen have now been privatized and the other five are likely to be privatized in the balance of the third term of the Thatcher administration or in a fourth term. The original idea that the government should get out of all industry and commerce seemed a forlorn hope in 1979. It seemed impossible in 1981 but now in 1988 it seems an eminently feasible objective.

Exchange control and deregulation

A part of the strategy to revitalize the economy through private enterprise lay in reducing the burden of controls upon the economy and allowing private sector companies to come in and provide goods and offer services that they had been prevented from doing in the past. Deregulation proved as complicated as controlling public spending. Indeed, in many areas the Thatcher administration has increased the volume of regulation rather than reduced it. The process began extremely well with the brave decision at the beginning of the Thatcher years to remove all exchange controls, all price controls and all wage controls. Throughout the 1970s the lame British economy had been tinkered with by subsequent generations of politicians. Inflation which was rampant led to price controls. Wage controls were also imposed in an effort to combat rising public spending, the private sector often finding ways round them. Exchange controls were thought necessary because of the balance of payment weaknesses and because of the general poverty of the country meaning that citizens could not be free to spend their money where they chose and in what currency they chose.

The decision to get rid of all these and to curb inflation by monetary means was an excellent one. Far from the abolition of exchange controls producing a mass exodus of sterling, it produced a surge upwards in the value of the domestic currency, pointing out to people abroad that the government was determined to invigorate the British economy and to make it an attractive place in which to invest. Between 1979 and 1981 the government was embarrassed not by people leaving Britain with their cash but by people returning and by overseas investors backing Britain heavily. The ending of price and wage controls, far from leading to an explosion in wages and prices quite soon saw the results with the counter inflation strategy reducing both wage and price increases whilst permitting larger real wage increases than had been possible before as productivity started to improve.

After the initial early successes the process of deregulation got bogged down in inter departmental warfare within Whitehall. A number of areas were on the agenda. The housing market needed deregulating, for rent controls were stifling the private rented sector. Wages councils and other wage intervention bodies needed reform as they were pricing some people out of jobs. Trade union law needed reforming. A whole host of regulations covering industry and small business needed cutting through, VAT and Inland Revenue requirements needed simplifying and the burden of form filling needed reduction. Lord Young in the mid 1980s ran a deregulation unit which made some progress but at the same time the government was encountering the need to regulate the financial services industry, to regulate the privatized telephone and gas industries and to carry into effect necessary policies relating to the creation of the integrated European market, pollution control and a number of other sensitive issues.

The deregulation of the financial services industry highlights the paradox of the policies. It was decided to abolish the restrictive practices in the City of London which had perpetuated price rings and the segregation of broking from jobbing in the stock market. The deregulation released enormous new energies and investment and made London an even more attractive centre for international banks. However, it was also thought necessary at the same time to implement far stronger controls on wrongdoing like insider trading or fraudulent practice. The result has been a rather uneasy compromise between the advantages of a more free wheeling market -- the extra wealth and investment it generates -- and the need to have a clearly enforced law or set of regulations. The subject of regulation, what ought to be regulated by the government and how it can most effectively be done is one which is going to remain near the top of the agenda in future years as government defines its task more clearly as being the regulator of economic activity rather than being the owner and manager.

In many areas where true deregulation was tried there was a substantial improvement in customer service and a surge in activity. In the bus industry, in the financial services industry, in the airline industry, deregulation produced more activity, lower prices and better service.

Employment

The government's record on unemployment was poor from 1979 until the mid 1980s. Between 1979 and 1983 the government was prepared to state publicly that there was no immediate prospects of unemployment falling and that the priority had to be accorded to getting rid of inflation before jobs could be created in any numbers. At the time of the 1983 election most of us speaking for the government in senior or junior positions kept to the line that we could not predict when unemployment would fall and we were going to make no rash promises. Only Nigel Lawson ventured the view that unemployment would fall in the life of the following Parliament and was as a result rewarded with the position of Chancellor of the Exchequer. From 1983 to 1986 the auguries did not look good. Unemployment continued to mount despite a very satisfactory rate of growth for the economy as a whole and during this period the government devoted considerable energies to a counter unemployment strategy.

The government agenda for creating more jobs was wideranging. It was always understood that the trade union reforms were important, as trade union cartels were pricing people out of jobs or preventing people from getting jobs. A good example is that of the dock labour scheme. Those ports covered by the scheme, a protective device designed to preserve jobs and keep up pay, suffered year after year and have been in terminal decline. Those few ports which were too small and were therefore left out of the scheme in the 1960s like Felixtowe and Dover have prospered mightily as a result of the flexibility, gaining jobs and improving pay levels as a result. There were many other

examples and in some cases the government had the courage to tackle the deliberate trade union restrictions. The dock labour scheme only now faces abolition.

The government also understood that housing policy was a cause of immobility which in turn made adjustment in the economy difficult. It was no good generating lots of jobs in the south if people could not afford to go and live there to take them up. An argument always raged as to whether it was possible through market forces to spread the jobs more widely around the country -- the side of the argument I favoured -- or whether more dramatic action had to be taken to build more houses in the south. Everyone agreed, however, that just building more houses was not in itself an answer as the problem lay in the rented sector. An absence of private rented sector housing was not surprising given the strong rent controls in the place. The short-hold tenure scheme introduced early in the Thatcher government was turned into a non starter by making the short-hold agreements the subject of fair rents which made them very unattractive to potential landlords. Only in 1987-1988 did legislation at last come forward that may offer some hope of restoring a more vital private rented sector.

Training and education were also seen as crucial to improving the economy's performance on jobs. The government built very large training programmes through the Manpower Services Commission including the youth training scheme, the community programme for the long term unemployed, the enterprise allowance scheme and many others. The decision to spend more money on these schemes was a necessary one, although it met Treasury resistance in the mid 1980s, as we were conscious that the education system was not delivering the goods and we needed a short term remedy to this given the collapse of apprenticeship and of skill based training in schools. Educational reform began with the introduction of technical and vocational education in schools and then the general reforms to improve quality and to raise standards culminating in the Educational Reform Bill of 1987-1988.

Deregulation was also seen as central to job creation but as the paragraphs above acknowledge performance was patchy. The most difficult areas to tackle were those of the VAT and Inland Revenue where resistance to change was dogged, based on the principle that we do not want anybody to get away with anything and yes, we would be happier if nobody did anything at all as a result.

Eventually things started to come right. From 1986 onwards unemployment started to fall, producing over 30 months of consecutive decline in unemployment, the best unemployment reduction and job creation record of anywhere in the western world. This sustained trend downwards in unemployment was crucial, in my view, to the 1987 election victory and in the 1987 election Conservative candidates everywhere were able to say with confidence that unemployment was falling and would continue to fall.

The enterprise economy

Many of the policies developed by the government can be understood in the framework of the wish to create a truly enterprising economy. In 1979 the mainspring of economic activity, a vital and challenging private sector, was badly damaged. The government started a variety of initiatives, some of them described above, in order to stimulate more private business and activity. Most important of all was allowing the proportion of the GNP taken by profits to rise sharply. Profits had been badly hit in the 1970s and in the 1980-1981 recession. From 1981 onwards profits began a steady climb back to the levels they had reached in the 1960s. North Sea industrial and commercial companies had never experienced a real rate of return above 8% throughout the 1970s and this slumped to below 4% in 1981. By 1987 the rate of return was well above 10% and still rising. This single fact contributed more than any others to the resurgence of industrial and commercial activity and to the investment surge which began in the mid 1980s.

Also important was the growing enthusiasm shown by the government and by the public for new styles of working. First and foremost was the sharp increase in numbers wishing to work for themselves. One million extra people decided to set up in business on their own between 1979 and 1987 and the rate of new and small business formation accelerated rapidly and stayed at much higher levels throughout the 1980s. The enterprise allowance scheme helped, giving people some cash assistance in the early days when moving from unemployment to self employment. The growing belief in markets and competitive forces released new opportunities for people in buses, air transport, in catering and cleaning for local authorities and other public bodies and a number of other areas which were contracted out or deregulated. The private sector by the late 1980s had begun to get some of its old verve and confidence back. It was prepared to accept that it had a role to play -- a profitable one -- in investing in the inner cities, and in the great property rebuilding of so much of the infrastructure in the United Kingdom which had become decrepit or derelict in the 1970s and during the 1980-1981 recession. Industry began to get the idea that quality, training and research and development were important, although as this is written still much remains to be done to persuade industry that it has the money and the opportunity to spend on these vital areas for economic progress.

In the field of pensions the changes to allow individuals to take their pensions with them or to subscribe to a portable pension may well be important in improving the mobility of individuals around the economy and in helping people decide to leave big businesses to join small ones or set up their own enterprises. Many more women have come into the workforce and this has fuelled greater flexibility with the advent of much more part time working and even working from home. Many companies are now adopting the core worker principle where a limited number of

people are paid full time to organize and manage surrounded by a group of others who may be working part time from the office or factory, or may be working from home. This has improved the responsiveness of companies to demand and it has created many new opportunities for women at work. The process has been mirrored by a major migration of peoples out of the big urban centres especially in the north but also in London to the suburbs and rural areas. New industry and commerce is smaller in scale, cleaner and likely to be a suburban or rural phenomenon. Old big industry has found adjustment difficult but there are signs at last that industrialists are getting on top of the problems of organization, management and marketing which loomed so large in the late 1970s and early 1980s.

Growth

The key to the whole economic success of the Thatcher years was managing to get the economy to grow rapidly. The first two years were miserable because of the international recession and the UK's own structural difficulties. Since the second quarter of 1981 the economy has been growing continuously and rapidly, well above the trend rate of growth of the 1960s and well above the pathetic performance of the 1970s. This growth has been fuelled by a major surge in productivity. In the early days productivity rose as companies made hard decisions to close out of date works and to stop making things that people were then reluctant to buy. More recently productivity has advanced strongly through the benefits of major investment and more flexible working practices.

On the back of this large surge in productivity there has been a substantial advance in real earnings, with compound growth in excess of 3% per annum since 1981. It is a period of unparalleled prosperity and has been a good underpinning to the popularity of the Conservative Party at subsequent elections. Once an economy is growing rapidly it becomes easier to reinforce success and the government's financing problem reduces as the tax revenues come in more rapidly.

In recent months the success and growth has produced one problem: a large balance of payments deficit. There has been endless debate about whether a balance of payments deficit matters when a country is growing strongly, when the debts are being incurred willingly in the private sector and when the country has a very strong net overseas asset position. The government has taken the cautious view that it should not allow it to get out of hand and as a result in the middle of 1988 reined back on demand through interest rate increases. A balance of payments deficit mirrors a shortfall in domestic savings. There was evidence that the housing market had got too overheated and people were using the equity in their house to support additional borrowings for consumption. Higher interest rates, imposed in the autumn of 1988, have started to curb borrowing and raise savings.

The balance of payments figures reveal that although British industry and commerce has performed so much better since 1981

there are still gaps and structural weaknesses within it. The heavy importation of engineered goods from Germany is a striking feature of the balance of payments statistics, with a deficit in 1988 estimated at £9,000 million with Germany, primarily in the engineered sector. Whilst some of this reflects the purchase of much needed capital goods to expand and improve capacity in the United Kingdom industry, it cannot be a source of pleasure to note that Britain is now incapable of making its own machine tools and has allowed all of this activity to pass to the Germans.

Wider ownership and shareholding

Another crucial characteristic of the Thatcher years has been the development of a true wider ownership policy. In the early days of the Thatcher administration considerable enthusiasm was expressed for extending the opportunities to people to become homeowners. Subsequently from the 1980s onwards the government has added to that in the enthusiasm for people to become shareholders either in their own enterprise or in large privatized companies. Home ownership has risen to more than two thirds of the population, fuelled in part by a most successful programme of council house sales which has now gone beyond one million homes. The government now hopes to quicken the pace by trying to sell off the remaining council house blocks to a variety of new owners. These will include the tenants in co-operatives but also private companies who will buy whole blocks, selling some flats direct to the tenants and refurbishing others for rent.

The shareholding movement will continue apace helped by subsequent large scale denationalizations including electricity. To date the number of shareholders in the country has more than trebled and now stands at 8.5 million. It is quite feasible for this process to extend much more widely so that it is common for people to own shares. Employee shareholding has been an important element in this operation, with employees in all the large privatized corporations obtaining free shares and often subscribing for additional shares. It has also spawned several successful management and employee buy outs of whole companies including the National Freight Corporation. In this case the lorry drivers and managers bought out their business from the government and within seven years had improved their share price from £1 a share to £100 based upon their efforts and their business acumen once free from the public sector.

Conclusion

So what are we to make of the Thatcher years? The success in privatization, wider ownership and disengaging the government from industrial and commercial activities are obvious. They can and should be taken further. It is feasible for the government to remove itself from all industrial and commercial activity. It would be desirable to get to the point where there are at least 15 million shareholders in the country and three quarters of all

people own their own home. These are obtainable objectives.

The conduct of macro economic policy has on the whole been helpful, with Britain now back in the community of other advanced countries, and out-performing many of them in terms of productivity, growth and job creation. The government has succeeded in rebuilding something of the enterprise economy although it should not rest on its laurels. Much more can be achieved and needs to be achieved in spreading the prosperity right round the country, in rebuilding and rejuvenating the worst of the inner city areas and ensuring that the infrastructure is adequate for the new pace of economic life. Monetary and exchange rate policies have caused some difficulties and more recently there have been problems with the balance of payments. Looking at the record overall it is so much better than anybody could have anticipated in 1979 in view of the strife torn, union ridden, low growth, low productivity economy that was Britain. So many things have changed not least people's expectations of what Britain can now achieve.

MRS THATCHER: HAMMER AND REFORMER OF THE UNIONS
by Arthur Shenfield

Britain's relative economic decline from 1945 to 1979 is a remarkable, perhaps in its speed unique, historical phenomenon. Emerging in victory from the Second World War, her economy was, despite the war's immense cost, much less exhausted than were those of Germany, Japan, France, Italy, the USSR, or any other major economy except those of the United States and Canada. Britain's trading relationships with the rest of the world were substantially preserved, except where they were undermined by the war-induced exhaustion of other countries or by her own economic policies, such as exchange control and ill-conceived attempts at a mixed or half-planned economy. Furthermore, although she had become militarily very junior to the United States, her proud share in the war victory gave her great prestige, and for a time goodwill, which could have rebounded to substantial economic success. At Bretton Woods, and in the making of the Havana Charter which produced the GATT (The General Agreement on Tariffs and Trade), she was number two to the United States, but well ahead of all others. And, though with others, she had the benefit of America's generosity in the form of a substantial slice of Marshall Aid.

How then could it happen that whereas in gross national product per head she had long been number one in Europe¹, by 1979 she had fallen to twelfth or thirteenth place among the world's national economies, and seventh or eighth in Europe? In many minds this must have been due in large part to the dismantlement of her Empire, but this notion was clearly the product of ignorance, widespread and popular though it was and perhaps still is.

After the end of the mercantilist era, Britain's economic success was never based on empire. In the 19th Century much the greatest overseas destination for her capital investment was the United States. There was a considerable period when her trade with, and investment in, Argentina matched and perhaps surpassed that with or in Australia. In 1914 the second greatest market for British manufactures was Germany, her great new rival. It is true that the greatest was then India, but this fact itself blinds the eye to the truth. The essential truth is that where there were law and order, respect for property, and a fair measure of freedom to trade and invest, there went British capital, ships and goods. It was only in this sense that trade and investment followed the flag. For the flag established law and order, respect for property, and personal liberty in numerous regions where they had previously been little known. It was this, not empire as such, which made Britain's imperial trade and investment as great as they were. But where these conditions existed outside the Empire, as in the United States, the European continent and the

less ill-governed parts of Latin America, there too went British trade and investment in great measure. Furthermore the post-War outstanding economic success arose in countries, notably West Germany and Japan, which had been divested of all empire. Nor did any other country which forged ahead of Britain after 1945 reap success substantially from empire, not even France which, after giving independence to her African colonies, retained close economic and political ties with them. The sad truth is that there was nothing to prevent post-imperial Britain from remaining Europe's number one other than a malady of her own.

It did not take the world long to perceive this. With a mixture of declining regret but rising contempt the world soon took note of what everywhere came to be known as 'the British disease'. It became obvious that 'the British disease' was generated by the disruptive power of the British unions, itself rooted in a degree of stubborn mindlessness unmatched anywhere in the world, except in Australia, and perhaps also New Zealand, whose cultural roots were almost 100% British. It is an astonishing fact that when, in the late 19th century German industry began to bound forward, the Marxist German unions inhibited economic success considerably less than did the politically mild, semi-liberal, apparently sensibly moderate British unions, with close links to Nonconformist Christianity. Similarly it is at first sight astonishing that after General De Gaulle led France out of the miasma of the Fourth Republic, the French unions, among which the leading forces were communist, indeed Stalinist, were much less an obstacle to labour productivity and economic success than the apparently moderate and anti-communist British unions.

We shall move shortly to note the grim features of the British union disease of recent years, which have forced the British people to endorse, if at first with misgiving, the brave remedial policies of Mrs Thatcher. But it is well to take note of the role of the unions in the beginnings of the British relative economic decline in the 1880s for even scholarly observers generally ignore it.

Of course that the decline was relative, not absolute, must never be forgotten. From the 1880s, and especially from about 1896-1914 Britain was on a rising curve of prosperity. even the much bewailed agricultural depression caused by the cheap food arriving from the new countries abroad itself powerfully sustained a rising British standard of living. Nevertheless Britain could have done better. She need not have begun to recede relatively to the extent that she did in face of the vigorous rise of American and German industry.

The prevailing explanation of the relative decline has been mainly that the pillars of British industry were coal, cotton, wool, shipbuilding, and general engineering, none conspicuously science-based and mostly destined to decline under world competition, while German industry forged ahead on the developing sciences, as in chemicals and optics; that this difference was itself due to a failure to match the German output of scientists

in universities and technical colleges; that in allegedly class-ridden Britain careers in industry were less attractive to men of ability than those in the gentlemanly professions or in the administration of the Empire on which the sun never set, whereas fast-rising American industry offered the highest social esteem as well as wealth to men of intelligence and character; that hence British industrial management was amateurish in comparison with German and American; and that the City of London establishment was geared too much to financing the world from China to Peru, and too little to the financing of British industry.

All of these explanations hold some truth. Yet they are no more than half true. This is not the place for an extensive examination of them, but we may note the following. Dependence on industries such as coal and cotton could be a reason for decline only if industry lacked the adaptability to move to new, rising industries. In fact British industry did move in fair measure, though not enough or not soon enough, to newer lines of activity. The output of scientific manpower did grow at a fair pace, though not as well as in Germany, but before World War I better than in the United States. The attractions of government and the liberal professions did not prevent the existence of a pool of talent for rising industry, as indeed there was, though perhaps not enough; and in the case of Germany the social attractions of the civil service (including especially the University Professoriate) and the Army Officer Corps were a good deal stronger than those of industry.

There were indeed many amateurish managers in Britain, but so there were in the United States and even in Germany, and in fact in the period 1880-1914 Britain produced some world famous industrial entrepreneurs. It was indeed true that the City of London was geared to the finance of the world, whereas German banking finance specifically fostered German industry, but the fact was that Britain was uniquely rich in capital, and British industry had little, if any, need for the German type of banking finance, which itself was not without defects.

There is something missing in these explanations, which is the role of labour. The interesting fact is that from the rise of the craft unions in the 1850s and the semi-skilled and unskilled unions in the 1880s, both then well ahead in membership of those in Germany or the United States, a spirit developed among British workers which was bound to restrain progress, and of course the prosperity of the workers themselves. It is best described as the spirit of ca-canny². Do as little as you can for the boss. Spin the work out. We are not benighted continentals or dollar driven Americans. We are free born Britons. Show that free born Britons cannot be pushed around. Stand shoulder to shoulder with your mates. Watch carefully when the boss proposes any change, which he will call improvement, and oppose it. Of course something of the sort could be seen in all industrial countries, but nothing so expressive of a benighted pride in a peculiar independence. Perhaps this kind of psychology is to this day

best seen in the Australian worker, who is more British than the British in this respect.

Thus what has happened in this century, and in particular since 1945, has deep roots. From its beginnings it had the effect, barely discernible at first but later becoming a prime factor in 'the British disease', of sapping the spirit of management itself. In the period of 1945-1979 the punch drunk manager became a notable phenomenon; punch drunk, and therefore sadly incompetent, under the blows of union, and in particular shop steward, power³. Hence what Mrs Thatcher has had to do has been to change the psychology of perhaps the greater part of the nation. It was because these roots were so deep that the apparently mild and moderate British unions could long ago produce more baleful economic effects than Marxist unions in Germany and syndicalist, later communist, unions in France.

The years from 1896-1914 were a period of rising prices, spurred by the expansion of gold supply mainly from South Africa. Though the average rate of price rise was miniscule compared to what we have experienced in recent decades, it naturally tended to stimulate labour tension. Hence to some extent the early years of this century could not be other than a period of some labour unrest. In fact the unrest was much greater than what the price rise alone could have produced. Its main cause was the growing political influence and ambition of the union movement. In 1890 it set up the Labour Representation Committee to promote election to Parliament of union representatives, and in 1906 the Committee transformed itself into the Labour Party which entered into a loose alliance with the Liberal Party.

In 1906 the Liberal Government sought to attach the Labour vote to itself more firmly by the enactment of the Trade Disputes Act of that year. It did not foresee that it would be almost suicidal for itself and extremely harmful to the nation; suicidal for it would enable the Labour party to gain sufficient strength to supplant the Liberals as one of the two great political parties, and harmful to the nation because it invested the unions with uniquely privileged legal power by way of exemptions from the ordinary law of tort and contract⁴. In fact it proved to be a national disaster, unmatched in any other industrial country though long not perceived to be such by Parliament or nation. It set a pattern for labour industrial relationships for three-quarters of a century, and so perverted the public mind as to make inordinate union power appear for many years to be natural and therefore acceptable. Even now after the Thatcher labour law reforms to be examined below, its effects have still not been completely eroded. Without it 'the British disease' could not have become the virulent malady that it was.

In 1912 the Liberal Government set up a Trade Boards system in order to raise wages in certain low-wage occupations where unions had not entered. In short its purpose was to inject the effects of union power by fiat where unions themselves could not do so⁵. In 1913 it induced Parliament to legalize the unions' political

funds which were and still are the basis for union domination, indeed almost ownership of the Labour party; and it endorsed the requirement of contracting-out from these funds if a union member did not wish to contribute to them. In practice contracting-out was calculated to brand a union member as potential 'scab' in the eyes of union officials with obvious risks of inviting unpleasant treatment. Thus many union members were dragooned into providing financial support for a political party of which they did not approve.

By its nature World War I weakened beliefs in the institutions of free markets, and so the unions were the one national institution of any consequence which came out of the war with enhanced influence and repute. Between the wars the major effect of this enhancement was to hinder the adjustment of the British economy to the great dislocations of the world economy produced by the first war. In the sheltered industries serving the home market unions could at least in part protect the wage rises engendered by the war, thereby throwing an extra burden of adjustment on to the industries largely dependent on overseas markets; and this effect was intensified by the newly expanded unemployment insurance, largely union inspired and supported; for this too hindered the post-war adjustments of the labour market which had become necessary. Hence there arose prolonged labour unrest displayed especially in the General Strike of 1926. Yet the Conservative Government which had clearly defeated the General Strike and had a large majority in Parliament, did almost nothing to grasp the nettle of post-1906 union power. Its only move was to put an Act through Parliament to require contracting in not contracting-out for the unions' political funds -- a salutary but very minor measure in relation to the great and pressing needs of the country⁶.

What World War I had done to the institution of the free economy, World War II did in far greater measure. The incoming 1945 Labour Government set about the entrenchment of this effect. One of its first measures was to restore contracting-out as the requirement for the unions' political funds. Thereafter everything it did directly or indirectly was calculated to, or had effect as if calculated to, magnify and entrench union power and privilege. Hence it is not surprising that it took only a few years for 'the British disease' to rise to prominent notice. Industrial management and the Conservative Party soon abandoned any serious desire to reverse this development hoping only to moderate its pace. Inevitably what they did not seriously oppose they soon began to accept, if in diluted measure, as their own policy. When the Conservatives held office from 1951-1964 this became their general temper. An egregious example of what the informal Labour/Conservative accord, described as sensible moderation by the Conservatives, could produce was the national Dock Labour Scheme of 1947 whereby dock workers (members of the nation's largest and perhaps most powerful union, the Transport and General Workers Union) were given an absolute monopoly for life of jobs at all major ports cushioned with the receipt of wages whether there was any work to be done or not, and this

fantastic scheme was extended and further sweetened with Conservative approval in 1974⁷. Fortunately its baleful effects have been moderated by the death or retirement of these uniquely privileged dockers (their numbers have fallen from the 80,000 of 1947 to about 9,000 in 1988); and also by the development of some new ports outside the Scheme which its authors, ignorant of the capacity of enterprise to find some way around even the most benighted controls, never dreamed would happen.

In 1970 the Conservative Party returned to office under Mr Edward Heath's leadership and at last decided to grasp the nettle of union power and privilege. It failed partly because its legislation though not wholly without merit, mainly sought to amend the lawful status of union in such a manner as to attune the use of their power more closely to the good of the nation rather than to erode the power itself, and partly because at the first sound of a trumpet by a young and rising militant in the coal miners' union it failed to do its duty and meet unlawful with lawful physical force⁸. Thus once it was clear that unlawful force could be allowed to prevail the public's stomach for resolute resistance to union power was sapped.

Hence in 1974 the Labour Party was returned to office. It immediately repealed Mr Heath's legislation and set about an even deeper entrenchment of union power by a series of new Acts of Parliament. Even more than in Mr Harold Wilson's earlier time as Prime Minister in 1964-1970 these were the days when union leaders walked into 10 Downing Street to be offered tea or beer and sandwiches in order to mark their admired proletarian status, but also to be consulted as representatives of the most powerful Estate of the Realm on all matters of high political significance. Not only on labour policy but also on defence policy, fiscal policy, monetary policy and external trade policy, the almost unbelievably jejune notions of these union leaders received respectful attention. Meanwhile 'the British disease' became more and more virulent. In the 'winter of discontent' of 1978-1979 when the basic needs and conveniences of the people were arrogantly jeopardized by mindless and infuriating union action the people began again to think it possible to rebel. Thus it became possible for the Conservatives to be returned to office in 1979 under Mrs Thatcher's leadership.

In three Acts of Parliament -- the Employment Act 1980, the Employment Act 1982, and the Trade Union Act 1984 -- Mrs Thatcher's government displayed its determination to make 'the British disease' a mere memory of an unfortunate past. Step by step these Acts sought to remove those features of union law which had invested the unions with arbitrary and harmful power and to make their practices as compatible as possible with the rights of citizens whether union members or not, in a free society. A vital feature of their aim was to move the seat of power within unions from their leaders to their members. For in the development of the unions' constitutions the leaders had generally acquired arbitrary, indeed tyrannical control over the members. For the leaders the members had become mere foot

soldiers whose function was to fight the battles needed to support and extend the power and national influence of the leaders.

The effects of the 1980-1982-1984 legislation have been succinctly summarized in the Government's Green Paper of February, 1987 (Cm 95) entitled 'Trade Unions and their Members', to which we may make some additions and amendments.

- 1 Trade unions themselves are now liable to legal action for injunctions and damages for organizing unlawful industrial action. Previously even the very rare kind of union action which could be held to be unlawful did not set up a right of a legal suit against a union but at most against its officers. Thus attachment of union funds in such a case was not possible.
- 2 Legal immunity is removed from certain particularly odious forms of industrial action, for example indiscriminate secondary strikes or 'blacking', and picketing away from the picket's own place of work.
- 3 A condition of legal immunity for a strike is now that before calling a strike or other industrial action a union must first obtain the support of those members due to take part by means of a secret ballot.
- 4 There must now be direct election of voting members of unions' governing committees or other bodies by secret ballot at least once every five years.
- 5 Members of unions which have political funds are now entitled to vote at regular intervals on whether their unions should continue to spend money on electoral or party political matters.
- 6 New protection is now provided against dismissal of non-union employees in a closed shop and compensation is provided for those who were dismissed from their jobs between 1974 and 1980 when such protection did not exist.
- 7 Secret ballots are now required for new closed shop agreements and there must be regular reviews of existing closed shop agreements by secret ballot. Since the 1st November 1984, a closed shop must have been approved in secret ballot within the preceding five years by 80% of the workers affected and 85% of those voting. Approval lapses if there is no further ballot within five years. Dismissal of an employee from a new closed shop is now automatically unfair, giving rise to a suit for damages unless the closed shop has received prior authorization according to these new balloting provisions.
- 8 Unions are now required to keep proper registers of members' names and addresses. It is an indication of the remarkably

cavalier attitudes of union leaders to their responsibility to the members in the past that it was quite common to neglect to maintain such registers. Of course such neglect did not prevent the collection of dues from the members at workplaces or the imposition of stiff penalties on members who failed to submit to the orders of the leaders.

- 9 Unions are still not bound to ballot their members before taking industrial action. However, if they take such action without a ballot then as noted in paragraph 3 above, they lose immunity in tort actions. Furthermore employers, customers and suppliers have an independent right to seek to restrain such industrial action by injunction.
- 10 Union-labour-only clauses and union recognition clauses are now prohibited in contracts for the supply of goods and services.

A fourth Act of Parliament, the Employment Act 1988, has tightened some of the provision of the 1980-1982-1984 legislation principally to give members greater control by application to the courts over decisions to call for industrial action and to ensure that the organization of ballots respects the equal voting rights of the members. However ballots by postal vote are still not mandatory which means that votes can still be taken at places or work where in the past union officials were notoriously adept at vote rigging and other dishonest practices. The prevailing view is that postal voting also presents problems which may hinder the full exercise of members' rights. These questions may perhaps be soon resolved as the Government has invited representations from interested parties due to be received by the 5th February 1989, on a statutory code of practice on union balloting.

Another Act of significance is the Wages Act 1986 repealing the 19th Century Truck Acts, which by prescribed payment of wages in anything other than cash, had made it unlawful to pay by cheque or by direct credit to a worker's bank account (a method of course not contemplated or possible when the Truck Acts were passed). Thus was rate payment administration brought up-to-date, ending the extraordinary clumsiness and costliness of the weekly despatch nowadays often under armed guard, of millions of pounds in notes and coins to thousands of workplaces. Also in 1984 the Government removed the ambit of the Trade Boards' controls over wages, exercised since 1912, in the case of juveniles and young persons. Although the Trade Boards have not been completely abolished it is a fair expectation that this is unlikely to be long delayed.

In the ways outlined above the decade of the 1980s has witnessed a revolution in law and practice relating to unions. In the eyes of many who remain numerous in the union world, especially in the leadership, Mrs Thatcher has odiously set herself to be a hammer of the unions. In the eyes of most of the general public and of very many union members she has been a great and most beneficent reformer. But there remain many who have not yet reached a firm

judgement and will wait to see whether the changes wrought by the 1980s legislation will be successful in the long run.

That so far they have produced success, perhaps on a splendid scale, cannot be doubted. Working days lost in strikes and other forms of industrial action have fallen well below the pre-1980 average levels (except of course during the period of the 1984-1985 coal strike which may perhaps prove to be a last dying spasm of protest by old-line unionism against the wave of the future).

Better still there has been a clear improvement in general labour attitudes to change, especially to change calculated to raise levels of productivity. Without this improvement Britain could not have reached the current average percentage rise in industrial productivity which is unsurpassed among leading industrial countries. The shift of power from union leaders to members though still very partial has brought to light a very fair vein of sensible moderation in the membership. Two leading unions, the EEP TU (the electricians and plumbers) and the AEU (the engineers) have vigorously pursued a policy of making no strike agreements with employers and the EEP TU in particular has moved towards the excellent principle of 'pendulum' arbitration in the settlement of disputes with employers. (For its pains the EEP TU has been expelled from the TUC which remains dominated by the old guard which still has learned little and forgotten little).

To a substantial extent ca-canny has receded into the past not only in name but also in substance. Before 1980 the unionization of the labour force had reached an all time high of about 54% now it has fallen to slightly over 40%. However it must be admitted that this fall does not indicate a comparable revulsion against unionism, for it is partly the result of the relative decline of strongly unionized manufacturing industry and the rise of lightly unionized service industry. Also as part of this process the British proletariat has declined in number and the bourgeoisie has expanded.

Viewed ex ante these beneficial results were by no means as easy to produce as they may now appear to have been ex post. For some time there were many doubters in conservative ranks, not to mention elsewhere, for to clean out the house of unionism appeared to be a Herculean task. Hence it required much courage and determination, qualities which fortunately Mrs Thatcher displays in abundance. Yet like the best generals she also needed a goodly measure of luck -- and she got it.

The turning point in these developments came with the defeat of the 1984-1985 coal miners' strike. No previous leader of the NUM (National Union of Mineworkers) would have made the elementary errors committed by Mr Scargill. He called the strike when stocks of coal among consumers, in particular the electricity generating plants which are by far the greatest coal consumers, were high enough to last many months. He decided to strike without the consultation of his members which was required by the

union's constitution, though he asserted that it was not, with the result that the Nottingham miners producing a fifth to a quarter of the national output rebelled, set up their own dissident union and continued to work throughout the strike. He organized mass picketing which was obviously geared to mass violence while asserting that violence was not intended, which brought to the nation's nightly view on television the vicious assaults on the police not to mention the high cost both in money and in diversion of law enforcement resources of massed police defence.

To avoid the sequestration of the union's assets he moved its funds abroad and sought help from Colonel Gaddafi of Libya. He could not have chosen a figure more unpopular with the British public. He obtained support financial and otherwise from a number of other unions to their own ultimate discomfiture, but the one union which could have helped him powerfully, the steelworkers union, declined the honour. For the steelworkers were not prepared to commit industrial suicide on his behalf. Perhaps worst of all his aim was not industrial but political, for it was to bring the Thatcher Government down. In the end he lost on all counts. It may be that the like of the 1985-1985 coal strike will not be seen again on the British scene.

Some other unions failed to see that the rules of the union game had changed. The printing unions which for several years had asserted the most arrogant and selfish power of all unions in the land, took time to learn and were consequently hit hard by Court fines and sequestration of assets. As late as 1987-1988 the seamen's union fell foul of the law, also with heavy loss in fines and temporary loss of assets. Perhaps the most pathetic sight now to be seen in the land is presented by some hundred ex seamen who lost their jobs in an unlawful strike and congregate daily outside their former employer's wharf to shout abuse in the belief that the 'good old days' when such abuse could be effective might return.

The achievement has been great. But has it been enough? Has the snake of intolerable union power been finally scotched? Regrettably it has not. There is much to be done before the task is completed.

First, a union membership of some 40% of the labour force still betokens great strength at least potential if not actual; and it is a strength which may yet be used in a baleful manner. In the United States the percentage is now well below 20% (having fallen from an all-time high of about 37% about forty years ago), but there are still industries and occupations where union power is dominant. Nor are the American unions without political power, especially but not only in the Democratic Party. If the sting of union power is to be fully extracted it is certain that the membership must fall well below 40%. As a further illustration we may note that while there may be several reasons why the Canadian standard of living is lower than the American, one major reason is undoubtedly the fact that Canadian industry is

substantially more heavily unionized than is American industry.

Secondly, unions in the public service have in recent years become more and more prominent within the whole union movement and this presents a specially ominous situation. It happens also to be a growing problem in the United States as it is in Britain. Civil servants, teachers and others in public employment, national and local, have opportunities to acquire harmful power which are not open to workers in private industry. For the most part they do not work in competitive industry but for a monopolistic or semi-monopolistic employer. Furthermore they are voters as well as employees and their votes as well as their role as employees may be not without influence with their employers.

In Britain the full dangers of this situation have hardly been perceived by the public. Could there be anything more ludicrous than the fact that the First Division Civil Servants, namely the mandarins who are close to the centre of political power, not only have a union of their own but also have affiliated it to the TUC? If the Inland Revenue and Customs and Excise staff unions became truly obstreperous in dispute with Government then the hand of government would become stricken with palsy. Consider also that by any test there is hardly a union as irresponsible and obstreperous, if also as naive, as NUPE (National Union of Public Employees), and possibly also COHSE (Confederation of Health Service Employees). Not long ago these unions, especially NUPE, were of little account. Now they are of growing national importance. Now and again NALGO, the Local Authority staffs' union, flexes its muscles menacingly. The day may come when it could bring Local Government to a standstill.

It is highly regrettable that in Britain we have not followed the American example and made strikes by public employees unlawful. It is true that by various means these unions in the United States have often managed to sidestep the illegality of strikes, but in 1981 President Reagan was able to enforce the law against striking air traffic controllers by dismissing them all with very salutary effects generally. To follow the American example will surely sooner or later become a matter of prime consideration. It may also become a matter of important consideration to decide whether public servants who are concerned with the formation or application of governmental policy, national or local, would be entitled to organize in unions at all.

Thirdly, probably the ugliest feature of British unionism is the practice of mass picketing which inevitably becomes violent picketing. Hence fundamental changes need to be made in the law relating to picketing. At present all we do is to wring out hands, affirm that the law requires picketing to be peaceful, and then send in large bodies of police to enforce a law which without changes in it is unenforceable. I have made suggestions for changes in the law of picketing elsewhere which I invite the reader to consider¹⁰.

Fourthly, and most important, it is essential that strenuous efforts be made to educate the people on the true nature of the strike weapon. The great majority accept and affirm the proposition that a strike is an affirmation of the right of free men to withdraw their labour. Withdrawal of labour subject to contract is certainly a fundamental right of free men, but this is not what the strike is or has become. Free men are fully entitled to say to their employer, and to do so in concert if they so wish, that they do not want to hold their jobs on existing terms or at all. Subject to contract they may bid their employer adieu, or they may say au revoir on the footing that if the employer will improve his terms they may be ready to return to his employment. In either case such a strike would be withdrawal from the jobs, not what we ineptly call withdrawal of labour. For what the modern strikers say is that they are withdrawing from the performance of the jobs but not from the jobs themselves. They maintain most positively that while they cease to perform the duties of the jobs the jobs remain theirs and no one else's. They are not withdrawing their labour. On the contrary they say that their labour is present and available and woe betide the employer if he seeks to fill the jobs with 'scabs' and still more woe betide the 'scabs' themselves. Thus while asserting a right which is contrary to their own true right they deny the fundamental rights of the employer and the 'scab'. In short, though strange to relate, they affirm that the employer is a serf. For the status of the medieval serf was not that of a slave. It was that of a man who while holding certain personal rights was bound to his lord's service. So too, the modern striker affirms, the employer is bound to him. I have discussed this at some length elsewhere and invite the reader to consider that discussion¹¹.

If the strike were simply a withdrawal from the jobs there would be very few strikes. Since the strike weapon or the threat of its use is a most important basis for union power, would not this mean the end of unionism itself? Not necessarily. As a notable economics textbook states: 'What the union can do ... is help that system (ie the free economy) to organize diverse talents more efficiently by smoothing grievance procedures, providing increased information about job opportunities, helping workers to improve their skills and providing facilities for joint purchase (eg of insurance, loan services, etc)¹². Some day perhaps our unions may learn that this is a role which would truly serve the worker's and their own interests. Certainly such unions would cease to be the great, powerful national institutions which existing unions have become. But in the interests of the workers and of all of us that would be as it should be.

NOTES

- 1 Already after World War I Switzerland and Sweden passed the British level of GNP per head. Both had the benefit of long years of peace in particular neutrality during World War I. In the Swiss case it was clearly also the product of a high degree of wisdom in economic policy.
- 2 Ca-canny is, or was, a common colloquialism in Scotland and North East England for a practice, the main essence of which was the spinning out of work so as to lengthen a job. However it was also associated with the other attitudes described here. Though the practice continued in strength until our time the name has tended to fall into disuse. Not many under the age of fifty now recognize the name.
- 3 A sad example of this is shown by the largest automobile manufacturer called successively the British Motor corporation, then British Leyland, and now the Rover Group. Between the two World Wars the constituent companies which later merged into the British Motor Corporation out-produced any continental company or group. They were second only to the American giants in output and world exports. After World War II they had for a time outstanding advantages over Fiat, Renault or Volkswagen. Yet by the 1970s the group had fallen to a shamefully low position, now still lower. In the 1960s and 1970s the group's shop stewards were notorious for their arrogant and arbitrary exercise of power. Under a chief shop steward named Derek Robinson (popularly know as Red Robbo) the management was reduced to a pitiable impotence until in 1977 a new Chief Executive was appointed, Sir Michael Edwardes, who after much travail managed to dismiss this all too powerful 'employee'. Thus the company was saved from extinction but narrowly and too late to enable it to rise to anything like its former position.
- 4 A similar effect arose in Australia in 1903 which broadly has persisted to this day but its legal form was different from the British 1906 Act.
- 5 The counterpart in the USA is to be seen in the Federal Davis-Bacon Act and Walsh-Healey Act, and in the 'little' (ie state) Davis-Bacons. In this case it has to be admitted that the British legislation has been less harmful than the American.
- 6 In 1928 two years after the General Strike the employers and the unions made a kind of peace treaty in the Mond-Turner talks. The attitude of the employers was that the workers were decent British chaps, that unions if properly led were almost as British as cricket, and that the troubles had been the work of radical or communist agitators. The defeat of the General Strike it was thought had seen these agitators off the field and so a decent peace was possible. It was a delusion based on a failure to understand the

effects of the 1906 Act and of World War I.

- 7 By the Aldington-Jones accord. Lord Aldington represented the employers and Government and Jack Jones as its General Secretary represented the TGWU.
- 8 The young and rising militant was one Arthur Scargill (later to become President of the Miners' Union). He led an attack on the Saltley Gasworks in Birmingham which the city's Chief Constable decided he could not defend and was given no extra police manpower by the government to enable him to do so.
- 9 In pendulum arbitration the arbitrator must choose one or the other of the positions staked out by the two parties. he may not compromise between them. This forces the parties to take up moderate positions for the less moderate or reasonable position is likely to be rejected by the arbitrator. How different that is from what is still the general pattern of wage arbitration! In that process it pays each party to stake out an immoderate position since long experience shows that arbitrators have a tendency to produce a compromise somewhere near midway between the two parties' claims.
- 10 See pages 47-48 of 'What Right to Strike?' by Arthur Shenfield, Institute of Economic Affairs, London, 1986.
- 11 See pages 10-12 of 'What Right to Strike?'
- 12 See page 389 in 'University Economics', by A A Alchian and W R Allen, Wadsworth Publishing Company, California, 2nd Edition 1967.

THE CIVIL SERVICE
by David Walker

Judge Mrs Thatcher's relationship with Whitehall on old-fashioned Tory lines -- party conferences in hot pursuit after 'waste' and 'bureaucracy' -- and she shines. Exhibit 'A' has to be the table below. There are fewer civil servants in 1989 than a decade before; she has shrunk the manpower of the central state. A signal achievement. But is it enough?

Civil Service Manpower 1979-1988

	1979	%	1988
Total (all departments)	733,176	-21	579,627
Agriculture	14,045	-27	10,318
Treasury and Cabinet Office	5,018	-6	4,706
Customs & Excise	28,895	-9	26,349
Defence	225,478	-36	143,395
Education, Arts and Libraries	2,709	-5	2,566
Employment	53,657	+9	58,302
Energy	1,300	-24	985
Environment	12,485	-47	6,566
Property Services and Crown agents	40,065	-41	23,675
Transport	13,953	+1	14,145
Foreign and Commonwealth	9,716	-1	9,576
Health and Social Security	97,643	+3	100,269
Home Office	33,532	+17	39,229
Trade and Industry	16,808	-26	12,513
Inland Revenue	85,018	-22	66,611
Lord Chancellor's	10,201	+5	10,703
Scottish	11,120	-12	9,837
Welsh	2,600	-17	2,162

Note: manpower expressed as full-time equivalents
Source: HM Treasury

Of course a full accounting might take in manpower in local government or in non-departmental public bodies (quangos, whose number, after the much-publicized cull in the early 1980s, have started to grow again). A full accounting, too, would perhaps question the assertion that the 'output' of government has not changed, implying Mrs Thatcher is getting the same governmental product at less cost.

None the less, the scale of the reduction in civil service manpower under Mrs Thatcher is not to be gainsaid. As of April 1, 1988 the civil service had diminished by almost a quarter of its inherited size. Not uniformly. As the table shows there were at that date more officials in the Department of Employment group than in 1979; the reduction in numbers has been slight in other departments while some have given up more than the average. A subsidiary question is whether that pattern of manpower change corresponds to stated ministerial priorities -- yes, in the case of the Home Office; not necessarily in the case of the Department of Health and Social Security.

Is this shrunken Whitehall also thriftier? In other words has productivity in the service of the state increased? The Treasury says there is no hard and fast comparison to be made between the costs of running government in 1988-1989 (£14 billion) and those in 1978-1979 because running costs were only collated first in 1985-1986. Instead of a single figure analogous to the manpower headline, there are suggestions (such as the savings claimed by the Prime Minister's Efficiency Unit) and a narrative. That is to say, annotation of the bundle of initiatives taken over the ten years designed to reduce 'waste'.

Mrs Thatcher's government has been active on the managerial front; its managerial decisions include not only those labelled as such. To any accounting would have to be added the apparently unrelated decision to forbid civil servants at the Government Communications Headquarters at Cheltenham trade union membership. That symbolized (that is to say, the failure of protest indicated) the diminishing power of Whitehall unions and the growing pliancy of staff in the face of cost-cutting, top-down management. It feels, in other words, as if Mrs Thatcher has accomplished productivity gains.

Yet the problem at the end of such a narrative is one of interpretation. Does making Whitehall more efficient (for example by instilling in officials a more acute sense of cost) constitute a victory in the battle with demon bureaucracy or -- gross paradox -- the inadvertent strengthening of bureaucracy? For example, there appears to have been considerable growth in the past decade in secondary legislation -- as if the making of legal rules and statutory codes had been subcontracted from Parliament to the permanent bureaucracy. Is the greater efficiency of civil servants in utilizing their additional executive power something to be celebrated? What of the functions of the state which they are being more efficient in carrying out; have they been subjected to rigorous assessment? Performance indicators (which now exist where they did not in 1979) still do not answer the question: why is the state doing this or that? Making, say, the administration of immigration control more efficient is one thing, but what is the purpose of the control. If the answer is that this is for politicians not for managers to answer, you have a sense of the limits of the vaunted productivity revolution.

After ten years, Mrs Thatcher's achievement in Whitehall is this. She has accomplished prime Tory ambitions in reducing manpower and pressurizing her Cabinet colleagues into a new managerial regime -- exemplified by the Financial Management Initiative and the sundry devices to combat 'waste'. The apt comparison here is with her Tory predecessor Edward Heath. For Mrs Thatcher has been enthusiastically Heathite in applying to Whitehall the doctrine that the civil service can and must learn from successful directors of large private sector corporations.

But that ambition may fall short of what might have been expected from a Thatcherite Prime Minister. For such a creature, to put the point at its most gratuitously personal, would not have appointed the traditionalist Sir Robin Butler as her chief civil servant. Nor would it have approved for publication Civil Servants and Ministers: Duties and Responsibilities¹, a most complacent document. Ministers in such a government might surely have contemplated appointing unschooled men and women as their permanent secretaries (and incidentally subjected that job to the managerialist critique allegedly being enforced elsewhere). A leader in Thatcherite armour would surely not have exempted herself and her fellow ministers at the fulcrum point of the system from any examination of their role in perpetuating the Whitehall system and its values. A Thatcherite, arriving in power in 1979 with a powerful critique of economic failure and organization under-achievement could not have left almost completely intact a civil service which had advised the politicians who allegedly had perpetrated the offense and had, without demur, carried out their erroneous instructions.

That, of course, is to pre-empt the nature of Thatcherism, and to imply there was some logical approach by Mrs Thatcher's government to the organization of state service; the actual Prime Minister has seen nothing inconsistent between a programme of reducing state activity in the economic sphere while endowing the state (ie civil servants) with new executive powers, shielded by a new secrecy law. The limits of the idea of a single prime ministerial project are shown in posing the question: has the growth of judicial review of executive decision-making in the 1980s been on all fours with the prime minister's desire to see the power of bureaucracy curtailed, or do we read her intentions better in the pamphlet issued to civil servants in 1987² setting out advice on how to protect the executive state from challenge in the courts. Nor has the Prime Minister seen any need to question the traditional definitions of what civil servants do, who they are, and whence their policy advice stems.

Put that last point another way. Since 1979 the Government has expressed the common wish of Tory administrations, to cut bureaucracy. It has not sought to identify the culprits for the misgovernment it had criticized, beyond the ranks of tired Labour front-benchers. The same officials who had advised Lord Callaghan and his colleagues were, with one or two documented exceptions, deemed perfectly suited to advising Mrs Thatcher's

Cabinet. Which is to say, Mrs Thatcher was attempting nothing outside the run of post-war British practice, on which Whitehall policy advisers are expert or -- unlikely -- she jerked their mind-sets to a new plane.

Now there is some evidence that policy advice from the civil service is relied upon less -- the rise of such 'think tanks' as the Adam Smith Institute constituting a part of it; evidence, too, that several of Mrs Thatcher's initiatives have more or less been presented as faits accomplis to Whitehall. This is an enclosed area. The advice tendered by individual officials or departmental processes to ministers is well guarded; only after the passage of years do clues emerge -- as when Sir Alec Cairncross recently fingered Sir Edward Bridges, former Treasury permanent secretary, as the author of disastrous macroeconomic policy advice. The point is that, compared with management the central Whitehall activity of policy advice has escaped the attention of ministers and their reforming zeal. Which points to the interim conclusion: either that Whitehall's policy-advising functions, unchanged in essence from the 1970s, have been highly rated by a government claiming to revolutionize the practice of the 1970s; or the government has successfully supplanted Whitehall as the purveyor of 'radical' policy options.

A conspiracy-minded surveyor of the past ten years might be tempted to ask whether Whitehall had not directed attention away from the question of policy advice: look, they might say, how the efforts of such veterans of the Prime Minister's personal Policy Unit, Sir John Hoskyns and Mr Norman Strauss, to keep the question central have failed. The argument put in Improving Management in Government: The Next Steps³ the report published under the auspices of the Prime Minister's personal Efficiency Unit and intended to be a consummation of eight years of managerial reform, is this. Policy advisers rule the Whitehall roost (and look what a mess they have made of running the machine). What matters is management. Forget about policy; let us focus on the efficiency of the machine and award promotions not to thinkers or ministerial hand-holders but to doers, management-men.

Evaluating Mrs Thatcher's relationship with the permanent administration over ten years rests, first, on the question: is Whitehall more efficient after ten years of Mrs Thatcher? The obvious answer is yes. But the significance of her managerial reforms depends on the answer to a supplementary. For what has Whitehall been made more efficient?

A Managerial Revolution?

Those who are about to be privatized, let them first adopt the manner of the private sector ... If the Government's ambition were, eventually, to abandon various state functions, then it might be reckoned to have done a fair job in introducing into Whitehall the reflexes of profit-seeking private enterprise. All the managerial initiatives of recent years have been borrowed

from private sector practice, real or imagined; reform discussions are sprinkled with reference to the practices of GEC and the Burton Group; for a while citations of In Search of Excellence were obligatory. Management consultancy has boomed. It, in large measure, has been about introducing to civil servants the forms and the language of the private sector. But importing the private sector into Whitehall was as far as it went; the Government has resisted the logic of carrying out a general review of replacing public with private.

There have instead been ad hoc assessments and a gradualist might say that over time the result may be the same. Apart from the known privatization exercise, there have been piecemeal reviews. Sir Peter Middleton, permanent secretary at the Treasury, went further than ministers when, in testimony before the House of Commons Treasury and Civil Service Committee, he indicated that as a precursor to 'agency' status, there had to be an examination of privatization prospects. It was, he said, 'perfectly natural to look at ... privatization, contracting-out and simply dropping the activity'⁴. What he did not spell out was whether such an examination had, or has yet to be made of the 95% of civil service functioning deemed suitable for agency status. The Government, by the way, in its response to that committee's report, contented itself with a less forthright statement than Sir Peter's⁵. Confirmation of Sir Peter's dictum has been given in the terms of reference for the director of the Central Computer and Telecommunications Agency appointed in spring 1989 which included privatization as an option to be examined. The movement of Her Majesty's Stationery Office to a 'trading fund' basis, under semi-autonomous management, might lead it out of the public sector altogether.

But the object of the management push in Whitehall during the 1980s has not been the abandonment of state functions; on the contrary, it has basically been their 'better' exercise. And the working definition of 'better' has been 'cheaper'.

The cliché is that the 1980s have been the Treasury's decade. What it points to is that the fact that however unsatisfactory (for some people) the total reduction in public outlays during the past ten years, the budgetary squeeze has been applied with a degree of rigour. Less money for the same function has led one way or another to 'management', that is to say lowering the cost of inputs. So the game has been to introduce Whitehall to the Two Es; promoting greater cost consciousness (Economy) and organizational awareness (Efficiency). The third element of the modern trivium, Effectiveness, has been less in evidence because it raises problems. You can only judge the effectiveness of a policy if you know what the policy is (why a particular function is being carried out by the state). Besides 'effectiveness' can be a recipe for more rather than less government and Mrs Thatcher has by and large ruled the former inadmissible.

The history of the Efficiency Unit is a useful shorthand way of describing the management push. Borrowing a Heathite idea and a

Heath-man, Sir Derek (now Lord) Rayner, Mrs Thatcher strove to make the central government take on some of the appurtenances of Marks and Spencer, the firm of which Rayner is now chief executive. Rayner (succeeded in turn by Sir Robin Ibbs, deputy chairman of Lloyds Bank, and Sir Angus Fraser, ex-chairman of the Board of Customs and Excise) strove to eliminate spending; the Efficiency Unit says that since 1979 the accumulated value of its savings is £1.3 billion. Rayner's method has been the 'scrutiny, a method of integrating departmental officials into the work of detecting unnecessary spending guided by small central unit armed with the Prime Minister's endorsement.

'Scrutinies are about more than savings and cost-cutting. They aim to get better value from every pound that is spent; this can often be achieved by using the same level of resources in new -- more effective -- ways.' The sentences come from the Efficiency Unit's terms of reference⁶ and encapsulate the reasons for its success: stringency in the Public Expenditure Survey round gives permanent secretaries an incentive both to make do with less and to seize on a way of appearing to make do with less. Thus in its early days the Efficiency Unit was allowed to embarrass the civil service by, for example, publicizing its discovery of the departmental rat costing £30 that could have been bought at a pet shop down the road for a fraction of the sum. Waste-watching even became fashionable as, under the leadership of Ian Beesley (now, significantly, no longer a civil servant but a private sector consultant) photographs were taken of the scrutiny team looking like a 1980s version of Lord Rothschild's chic early 1970s Central Policy Review Staff.

Taken together, the 300 or so scrutinies carried out by the teams -- who have involved such civil service celebrities as Clive Ponting of the Ministry of Defence -- constitute both a trenchant summary of the unexamined working practices that had been built into the civil service over the years and a signal that a new (but necessarily limited) appraisal was in hand. But was that any more than saying that under Mrs Thatcher the public expenditure divisions of the Treasury have ruled the roost and any mechanism that allowed departments to come up both with real savings in costs and manpower were welcome. The question is whether Mrs Thatcher is best distinguished by her thirst to constrain public expenditure or her enthusiasm for management novelties.

It was put, in a convoluted form, when the Efficiency Unit led determinedly by Kate Jenkins, took its thinking a stage further: if public service was business-like, then why should it not adopt the forms of the corporate sector and free local management from central controls. From 1987 the Efficiency Unit worked out what might be done generically to release civil service managers so that they might become more entrepreneurial (and, it was argued, deliver a better service) -- hence the name 'next steps'. An expurgated version of the scrutiny was published early in 1988 when Mrs Thatcher announced that she was accepting the broad recommendation that the civil service should be restructured to

give management pride of place through the creation of Executive Agencies run on business lines. The great current question, unlikely to be answered definitely for some time yet, is whether these agencies are to escape the corset of central controls on costs and spending for the sake of allowing their managers to operate more autonomously.

That phrase -- business-like -- is far more problematic than either the report or Whitehall at large has been prepared to admit. But before discussing it, we need to enumerate some other signs of managerialism in Whitehall during the 1980s. There have been a plethora of initiatives not all of them consistent. They are by no means easy to evaluate since Whitehall and its ministers have, with the exception of the Efficiency Unit, rarely put a figure on the improvements the new managerialism has effected. Civil servants in 1989 are by common consent more 'managerially-minded' but the net product of the new orientation is not easy to calculate.

Several of the initiatives appeared under the rubric of the financial Management Initiative, set out in a 1982 White Paper Efficiency and Effectiveness in the Civil Service⁷ which ran at full steam during the Prime Minister's second term in office. This was an effort, policed loosely by a central unit located first in the Cabinet Office then in the Treasury, to improve the way departments collected information on their spending and manpower and set their budgets. Some departments constructed the new apparatus more readily than others: Mr Michael Heseltine as Secretary successively for the Environment and for Defence introduced new accounting procedures with enthusiasm. The next question -- how far the new apparatus delivers 'better government' -- is more difficult to answer. The public is directed to read through the 1,800 or so 'performance indicators' set out in the Treasury's annual survey of public expenditure, which has now been replaced by individual departmental reports. A sample of the specificity with which the objectives of government are written down can be taken from the Home Office chapter in the 1988 survey⁸. The objectives of the department's 'community' policies, carried by such controversial agencies as the commission for Racial Equality and the Equal Opportunities commission, are set out in anodyne language in all of two lines.

The grandiosity of the title Financial Management Initiative attracted attention. Mrs Thatcher is rarely given credit for a parallel development during the decade, perhaps of equal significance. This was the growth of value for money auditing and external examination of the objectives of government, and the reason for the Prime Minister's not receiving credit is because it happened behind her back. Norman St John-Stevan's reform of the House of Commons committee system empowered backbench MPs (notably the Treasury and Civil Service Committee) to call on official witnesses, publish papers and -- at least -- augment the flow of information about departmental spending and management. The other was the passage of the National Audit Act 1983 which emancipated the Controller and Audit General from Treasury

bondage; and breathed life into a new bureaucracy, albeit one wedded to examining other bureaucracy, the National Audit Office. Audit has ceased to be a dry-as-dust checking of the arithmetic and taken on a value for money dimension which, in the rapid flow of reports from the National Audit Offices have (again a minimum achievement) increased the flow of public information about the inner workings of departments.

The upshot of a decade of initiatives is greater familiarity on the part of civil servants with the language of costs; a greater volume of budgetary detail; movements on such fronts as 'performance related pay'. But significant though the changes of style, in certain quarters, may be, it hardly constitutes the revolution some officials have claimed to witness. For one thing a central apparatus of recruitment and retention (the Civil Service commission) remains in place, robbing managers of local hire and fire rights and, perhaps as important, ensuring the reproduction of certain norms of conduct and belief. The point is not whether Sir Robin Butler's norms of public service, Northcote-Trevelyan merit, passionless administration are right for the 1980s; the point is that they have not been discussed in the light of the new managerialism.

A similar point applies to pay. It is not just that in 1989 national pay bargaining remains in place for all civil service grades (despite concessions to 'flexibility' and regional variation in pay rates). It is that there has been little or no discussion about exactly what performance amounts to. Take the 1989 Review Body on Top Salaries report on civil service pay⁹. It worried about 'an unacceptable loss of quality' in the higher ranks of the civil service unless pay were made competitive. 'Quality' was not so much defined as inferred: excellence in public administrators was what the recruiting agency, the Civil Service commission said it was. The problem crept up again in the same report in discussing the remuneration of the second highest rank, that of deputy secretary, grade 2. The case for additional public resources needed, surely, to be made on the basis of public criteria of suggestion of what performance in deputy secretary might look like. The almost complete lack of public materials for making such an assessment indicates how far Mrs Thatcher has sustained the internal, self-referential quality of British central government.

During Mrs Thatcher's tenure, her most senior officials have -- we must assume with her approval -- made tendentious statements about the civil service and its responsibilities. Two were made by Lord Armstrong, the first following sharply on the acquittal of Clive Ponting on an official secrets charge, the others by his successor in heavily annotated speeches. In addition the government has responded to criticisms from MPs in reports, such as that issued by the House of Commons Defence Committee on the Westland affair.

Armstrong's apologia¹⁰ attracted attention for its expression of the doctrine of service: civil servants were there to serve the

elected government of the day, period. His statements were incomplete for barely recognizing the effect of what his colleagues were claiming was a revolution in Whitehall management and cowardly in failing to confront the fact that when a Government was ideological ('radical') the 'non-political and professional civil service' he extolled would have to change if ministers were satisfactorily to be served.

Yet Lord Armstrong was doing no more than articulate Mrs Thatcher's own conservatism on the apparatus of the state. For all the allegations made about 'politicization' of the civil service, no evidence has been produced to show that she interfered ideologically in senior appointments, preferring men (as her predecessors have done) with certain styles and vocabularies. (The nearest the civil service has come to adopting the enthusiasms of Mrs Thatcher's government has been the creation of the Enterprise and Deregulation Unit in the Department of Trade and Industry.) What Armstrong did was express her own squeamishness at confronting the question: how can a civil servant carry out the programme of an ideological government without believing: how can a civil servant provide winning policy advice without enthusiasm? The Prime Minister demanded and got a restatement of the old verities on confidence and secrecy, and a thick application of whitewash to emerging problems of accountability (to whom and how did the new, autonomous civil service managers account?)

Armstrong's successor, Sir Robin Butler, went further (again, we must presume, with Mrs Thatcher's whole-hearted assent). What Butler has done has been to confront some of the consequences of the new managerialism and in its face assert the cultural unity of a career civil service¹¹. How else to interpret this paean to the old ways: 'we must retain the unifying characteristic of the service which are not only its traditional strengths but also its duties -- the requirements of equity, accountability, impartiality and a wide view of the public interest. The unit of the civil service offers stability and a continuing corpus of tradition, knowledge and experience which is part of the infrastructure of a democratic society.' Which is, of course, a highly conservative doctrine. If applied to doctors or university professors it might also sound like erecting a barrier to precisely the kind of reforms Mrs Thatcher has in mind for public health provision and higher education. The fact not merely that Sir Robin was unchallenged, but also that Mrs Thatcher approved the statement indicates just how she has set out to bolster the existing state apparatus.

Some critics of Whitehall like to conjure a conspiracy of officials against ministers -- they watch television serials. They ignore the high levels of personal loyalty to ministers extended, for example by Lord Armstrong to Mrs Thatcher. His rather slavish devotion was demonstrated by the fact that his ethics memorandum failed to ask whether in return for their responsibilities civil servants might not ask of their ministers some reciprocal duties -- whereupon he produced a second

memorandum memorably reminding ministers they must not tell civil servants to do things they ought not to do. More to the point, was the way the Efficiency Unit confronted the fact that Whitehall, being a top down system, is only as good as the men and women sitting in ministerial offices. The authors of The Next Steps report were aware of the limits on writing an organizational critique while forbidden to consider the role and calibre of the people on whom the entire structure depends for leadership and legitimacy, the political class of which ministers are the risen cream. And one can go on and say, if there is one unbridgeable gap in Mrs Thatcher's record which identifies the limits of her radicalism in Whitehall it is that -- the lack of self-reflexivity which has apparently ruled the politics of public administration out of consideration.

A Managerial Revolution for What?

Let us return to that phrase, 'business-like'. Early in 1989 Lord Young the Trade and Industry Secretary announced, with fanfare, the launch of a new initiative called the Bridge to encourage departments and private sector firms to increase the number of secondments one to another. There is nothing wrong with 'seeing how the other half lives', or 'encouraging mutual understanding' or whatever the phrase the minister used to explain his wish for a greater volume of these temporary transfers; Lord Young's new project was on all fours with a series of initiatives taken during the past ten years, bringing business types in (eg to run the Defence Procurement Executive) or exporting civil service personnel (eg to John Lewis). But is not such an ambition as Lord Young's intermediate? All the comparisons in the world with Plessey, or GEC will not disguise the fact that the Ministry of Defence is a unique purchaser of a set of goods and services required by a professional cadre who have no reason for existing outside a highly specific set of political and historical circumstances. You can, in other words, be businesslike about buying tanks but the ultimate question is where and whether they are needed at all. Here you can, as conventional wisdom in Whitehall or around the Cabinet table does, adopt a Manichean world view and say: civil servants manage; politicians do policy. But at once the poverty of the division is apparent. That is not how politics and administration actually work nor a description of how the system could work, without major and as yet uncountenanced change.

To amplify the point, take one of the Executive Agencies which are being set up under the Efficiency Unit's report The Next Steps, the Driver and Vehicle Licensing Directorate. What could be simpler, says the Manichean theory, than to hive off the processing of license applications to an establishment of Swansea clerks? That is management. But what is the operation of setting license fee levels; deciding whether certain categories of road use needs licensing at all. That or course is policy. The Whitehall, as envisaged by the reforms currently in train, will divide into administrative engines such as DVLD but at the heart will remain the policy advisers able (because they are

cleverer than the Swansea clerks and their managers?) to advise on fees and function.

Now consider another area, the delivery of social security benefits, also due to become an Executive Agency. The theory, endorsed by Mrs Thatcher, is that such agencies are managerially autonomous, and internally repose maximum responsibility with local managers. Does that therefore mean greater administration discretion -- in other words devolution of the capacity to make judgements about eligibility for benefits and hence the localization of policy? The theory falters at this point. Civil servants are aware of the point. Mr William St Clair of the Treasury was permitted to sail close to the wind and publish a document Policy Evaluation, a guide for managers¹² which as good as said there is a seamless continuity between management and policy, between deciding how a function should be carried out and why. His booklet contains such phrases as 'Evaluation requires a critical and detached look both at the objectives and at how they are being met'. Stripped of its pseudo-neutrality, that is surely politics: if ministers and prime ministers and manifesto writers do not take a 'critical' look at the objectives of the state, who does? The answer might be, a new breed of politicized civil servant, member of a ministerial cabinet or self-regulating executive. Alternatively Mr St Clair may covertly be asserting that Britain needs what exists in the United States -- a community inside and outside formal government which engages in policy analysis, the application of right reason to the varieties of political strategy. Either way, the job descriptions of civil servants would need to change. And that is not something any minister in Mrs Thatcher's cabinet has yet countenanced.

A gradualist might say that the processes of change set in motion during Mrs Thatcher's first ten years will, in time, have disturbing consequences for the civil service. Will executive agencies be able to operate within the constraints of Treasury control without their entrepreneurial managers becoming frustrated and demanding their emancipation, perhaps from the public sector altogether? Hasn't she cleverly set up some irreconcilable tensions, between a quantitative results-oriented managerial culture and the traditional norms of public administration? The answers to both questions is Mrs Thatcher's effect on Whitehall will not outlive her. For nothing has fundamentally changed in the sociology of the civil service (or its economics). New budgeting and management habits will doubtless last but the emphasis placed on servicing politicians; the esprit de corps of the central cadre in Whitehall; its modes of self-assessment ... none of these have altered. The 'golden route' to the top will continue to be mapped through ministers' private offices, because that is how ministers have continued to will things; and the odd bundle of functions carried out by permanent secretaries will go undisturbed because no minister has opened it up for inspection and alteration. After ten years of Mrs Thatcher, Whitehall lives.

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LOCAL GOVERNMENT by Douglas Mason

For local government, the 1979 General Election did not seem remarkably different from any other. With the Conservative victory local authorities were threatened with tighter controls over their expenditure; but that was nothing new. Only three years before, the outgoing Labour Government had imposed the biggest single reduction in council spending seen in any year since the war. Afterwards they had gone on to allow expenditure to resume its normal upward trend.

Authorities were to be forced to allow their tenants to buy their council houses but they were by now used to such interference. Had not the Labour Government used its 1976 Education Act to enforce comprehensive education on many reluctant local councils? Had it not used other powers to prevent many councils selling houses to their tenants where they wished to do so? In any case, no-one seriously expected the number of such sales to be large.

One could, perhaps, have inferred that Mrs Thatcher would be less tolerant of local government intransigence than her Conservative predecessors. She had, after all, sponsored the Act that compelled them to open their meetings to the public and press shortly after entering the House of Commons. But that had been twenty years earlier and her period as Secretary of State for Education in Edward Heath's Cabinet showed little evidence of willingness to over-rule local authority decisions on anything other than practical grounds.

Few, indeed, reading the General Election manifesto or any of the preceding Conservative Party publications would have found much to indicate the radical changes that were eventually to lie ahead. Local government may now find itself in the midst of a period of change more revolutionary than anything it has faced in a hundred years but, from the vantage point of 1979, it was clearly unplanned and unpredictable.

Virtually from the day of its election, however, back in 1979, the Thatcher Government has faced a barrage of criticism and complaint from Britain's councillors, local government officials and local government unions. Services, they say, have had to be cut or curtailed because of government spending curbs. Desirable projects have had to be abandoned because of capital constraints. The public, they say, are not getting the services and facilities they want or need because Britain's local authorities are being bound hand and foot by central government.

It is a picture that is a little difficult to reconcile with the facts. Although the figures have fluctuated over the past decade, local authorities are today employing just as many people as they

did in 1979. They are spending just as much. They may complain that their record compares favourably with that of central government whose expenditure has actually risen by over six percent over the past decade but they have to set their undiminished spending against the sale of twenty percent of their housing stock to sitting tenants and a drop of up to a third in the number of children attending their schools.

Complacent Growth

Certainly, local authorities were unaccustomed to anything other than continuous growth. For most of the post war-era they had enjoyed generally benevolent support from governments of both left and right. Although the post-war Labour Government took away major local government powers and responsibilities when it nationalized the electricity and gas industries and established the National Health Service it, nonetheless, recognized the importance of local councils, if only as a means of putting its policies into wider effect. As the late Emanuel Shinwell, then Minister of Fuel and Power, observed, "there is little point in gaining national power unless at the same time we achieve power in local government."

Over the post-war years, apart from the effects of transferring major functions to central government in the 1940s, local government expenditure and staffing levels steadily grew. At the end of the war local authorities employed 909,000 people; their spending was equivalent to 5.5% of Gross Domestic Product. By 1951, following the loss of electricity, gas and health, the number of employees had fallen to 770,000 but from then on the picture was to be one of growth at an average annual rate of five percent per annum. By 1975, following the wholesale re-organization of local government outside London, councils employed three million people and their spending amounted to 17.8% of GDP.

Throughout, occasional strictures about control over spending were almost invariably accompanied by increases in the proportion of local authority expenditure covered by central government grants until, by 1976, two-thirds of expenditure relevant for rate support grant purposes was being met by central government grants. In all, such grants met 26% of council spending in 1951, thirty percent in 1961, nearly thirty-eight percent in 1971 and just under half in 1976.

Local government had come, understandably, to see itself with a steadily expanding role, a role reflected by the 1969 Report of the Redcliffe-Maud Royal Commission on the re-organization of local government which expressed the opinion that: "Throughout the course of our enquiry we have become steadily more convinced that a powerful system of local government can in some crucial way enhance the quality of...national life."

Following the implementation of local government reform, the Conservative Party's Campaign Guide for the 1974 General Election

was to note: "Local government expenditure is absorbing an increasing share of national resources. Its rate of growth is greater than that of the economy as a whole. The cost of providing local authority services is increasing faster than costs in general." Nonetheless, the Conservative Government of Edward Heath took pride in having increased its share of paying for that growth to over 60%. "We have," said the then Prime Minister in 1972, "made an increase larger than any previous one in the rate support grant which the Government makes to local authorities."

Changing attitudes

After losing office in 1974, however, with Margaret Thatcher as Shadow Secretary of State for the Environment, Conservative attitudes to local government began slowly to change.

Where previously there had been a grudging acceptance of rates as the best means of providing local authorities with an independent source of local income, the Conservative Party manifesto for the October 1974 General Election included, for the first time, the explicit pledge to replace domestic rates within the lifetime of a Parliament.

Two years later, with Mrs. Thatcher now installed as Leader of the Party, The Right Approach was published, setting out the Conservative Party's broad aims for when it returned to office. "In the national interest," strict central control over local authority spending was now envisaged, in part to regulate the level and character of council spending but also to bring about what was seen as "the necessary reduction of manpower in local authorities."

It was, however, to be a Labour Government that first called a halt to the growth in local government. As part of the retrenchment following the intervention of the International Monetary Fund, local authorities were asked to cut their spending and encouraged to do so by reductions in central government grants. Conservative and Labour controlled local authorities co-operated and expenditure fell significantly and the proportion covered by grant with it. Significantly, such cross-party co-operation was not subsequently to be repeated.

THE THATCHER ERA

When the new Government entered office, however, it was not with any particularly radical programme for local government. Pressure for the introduction of comprehensive education was to be removed and parents' rights were to be increased through strengthened governing boards and an improved right of choice, a right that had been enshrined in law since the great wartime Education Acts but one that local authorities, and most governments, had done their best to ignore. Building works departments, which had been the subject of much critical comment throughout the sixties and seventies for their inefficiencies and losses, were to be subject

to tight and effective accounting systems and some of their traditional work was to be subject to competitive tendering. And council tenants were to be given the legal right to buy their homes with a discount. Only in the case of the right to buy were any of these proposals seen as particularly radical and the description of it as "a framework for a social revolution" by the new Secretary of State for the Environment, Michael Heseltine, could more readily be ascribed to his typical flamboyance than to any real revolutionary expectations.

The new policies for allowing council tenants to buy their homes and introducing competitive tendering did, however, show a significant shift in attitude on the part of the new Government. Where its Conservative predecessors had sought, with limited success, to change local government policies and practices through exhortation, the new government was willing, as the previous Labour Government had been over comprehensive education, to impose its views by Act of Parliament, recognizing no doubt that the inescapable logic of mid-term electoral arithmetic would mean a majority of local authorities would in due course be controlled by their opponents.

The effect in the past had been that when a Conservative government was willing to allow council house sales Labour-controlled authorities refused to sell. When a Labour government was in power those same councils, now under Conservative control, were willing to sell but were now denied the right to do so.

In the event, to most people's surprise, Michael Heseltine was to be proved correct. In ten years nearly one in five council tenants have bought their homes, despite the deliberate obstruction by many Labour councils. And the numbers are accelerating again with many areas currently reporting record sales and the highest ever number of applications to buy.

Ironically, not all of that growth in home ownership is the result of a sudden upsurge in independent mindedness amongst council tenants. Some of it is the unintended side effect of the campaigns its opponents have mounted against Government policy. By artificially raising tenants fears for the future they have encouraged more of those very tenants to buy their homes to gain some of security which the politicians and pressure groups have told them they need.

Government housing policy did not, however, rest solely on the undoubtedly popular right to buy. In a move to eliminate blanket subsidies in favour of targetting help on those in need, the existing government and rate-funded subsidies to local authority housing have been steadily reduced, whether intentionally or otherwise making house purchase a steadily more attractive option. Where in 1979 such subsidies met over half a council's housing costs, today they meet perhaps ten percent.

Over the years, the very concept of councils as landlords has been increasingly questioned as the Government's impatience with

their perceived failings has led to a shift in funding towards housing associations, the introduction of initiatives and agencies by-passing local authorities and the recent provision of powers for tenants to choose an alternative landlord.

The indirect effect of these proposals has been dramatic, leading councils of all political persuasions to investigate ways in which they can hand their housing stock over to some local agency that will maintain the kind of social role they believe private landlords will not provide. It is estimated that as many as three hundred councils are now actively considering such steps and a few have already completed the process.

Tenants, too, have seen the opportunity, perhaps unforeseen by the Government, to establish themselves as "approved landlords" and to use the provisions of the new Housing Act to force their councils to sell them their estates rather than risk seeing them transferred to private landlords.

Nor is the recent Housing Act likely to be the last stage in the evolution of Government housing policy. A characteristic of this Government has been its willingness to make frequent amendments to their legislation to extend its scope or to make it operate more closely to their original intentions. Thus the scope of the right to buy legislation and the extent of the discounts available has been regularly extended. Ministers, even amongst those traditionally regarded as on the wetter wing of the Party, are already considering radical further extensions of the right to buy. At the 1988 Conservative Party Conference the Secretary of State for Wales, Peter Walker, said it was "time to take action" to sell their homes to those who remain "permanent tenants of the state," while the Secretary of State for Scotland, Malcolm Rifkind, talked of completing "the housing revolution".

As the council-owned housing stock steadily diminishes, little or none of it will be replaced and the final result of existing policies and their probable future extension is likely to be a future with a minimal public sector, where increasing numbers of councils own no houses at all and where so-called "social" housing is provided by housing associations, co-operatives, building society sponsored landlords and a variety of private agencies.

Education reform

In education, the introduction of radical change has been slower but the end effect looks likely to be the same. Although parental choice had been enshrined in all post-war legislation, requiring the local authority to educate children in accordance with their parents' wishes, that requirement was often deliberately ignored in the belief that education experts were better judges.

In a number of steps the Government has transformed that general ambition into a series of specific rights. Since 1980, parents have had an almost unrestricted choice of the school to which

their children will go, even one outwith the area of their own local authority. They have a say in the running of those schools through representation on individual governing boards. And now, in a step completely unforeseen in 1979, they have the power, through a ballot, to transfer ultimate control over their school from the local authority to a form of self-governing status where the finance comes direct from central government instead of via grants to the local authority.

In taking these steps towards the creation of a publicly funded free market in school education, the Government have set in motion a process which is certain to see local authority control over education steadily diminish. Among parents, that process will be encouraged by unhappiness about what they see as declining standards, about what is being taught and how, about many other concerns such as co-education or religious instruction and above all by the apparently incomprehensible decisions of some councils to meet the problem of declining pupil numbers by closing their most popular schools.

Amongst these changes, the most powerful long term force will clearly be the right for schools to opt out. Already in England a surprisingly large number of schools have voted decisively to leave local authority control and there is every reason to expect the numbers to grow. The basis on which opted out schools are to be funded includes giving them their share of present council expenditure on the provision of central services such as administration, special advisers and specialist services. As these services can make up between twenty and thirty percent of local authority expenditure on education, the income involved will provide opted out schools with a significant financial benefit while the resulting loss of income to local authorities will put considerable pressure on them to prune such overheads.

Tendering

While the introduction of compulsory competitive tendering for council building works departments was seen as a way of remedying a long term cause of complaint, a number of pioneering local authorities in Essex, London and elsewhere revealed the opportunities for more efficient and cheaper provision of many other services such as refuse collection, cleansing and grass cutting.

The use of such contractors demonstrated clearly to all except the most blinkered councillors and trade union officials that private enterprise can usually carry out a function under contract to the same or a higher standard than the council's own workforce did, and do so at a significantly lower cost, perhaps saving as much as twenty to thirty percent. Such findings have been endorsed by the Local Government Accounts Commission.

At first the Government's sole response was to exhort other councils to follow their example. Thus Tom King, then Minister of State for Local Government, told the 1981 Conservative Party

Annual Conference: "There is great scope for contracting out other services as well to private enterprise. Why so few so far? I ask all councillors here and in the country to ask again these fundamental questions about every service. Do we need to do it at all? Do we need to do it as much as we are doing? Can we do it in a better way?"

The quite predictable failure of most local authorities to consider such questions, let alone answer them, coupled with their determined exploitation of every loophole in the legislation governing competition for building and maintenance works, was not met by a ritual wringing of the government's hands over the short sightedness of local councillors, as it would have been in the past. Rather, it was followed by a steady tightening of the rules covering competitive tendering for building and maintenance work to close each and every loophole that recalcitrant councils have discovered, coupled with legislation forcing local authorities to subject an increasing range of their other activities to the test of competitive tendering and giving the Government the power to extend that range even further in the future.

Having adopted such a general policy, however, it is by no means obvious that its practical application has always been as sensibly thought out as it might have been. In leisure and recreation, for example, the current proposal to introduce competitive tendering for the management of facilities but to leave councils free to determine the range and quality of their services, the level of charges that should be levied, the opening hours and the admission policy seems a poor formula for success. Such a separation of the determination of standards from their physical provision may make sense when it comes to cleaning the streets, cutting grass or collecting the rubbish. It does not do so when it comes to running commercial or quasi-commercial facilities.

Quite apart from the opportunities offered to councils determined to prevent successful private sector bids, the proposal provides inbuilt potential for conflict between councils determining policy and a private contractor attempting to achieve optimum use of the facilities whose management it has taken over. Councils, for example, could rule out the possibility of quite sensible policies to spread the usage of a facility evenly throughout the day such as the adoption of differential pricing or restricting concessionary usage to off-peak periods.

The impact of requiring councils to seek tenders for the management of their facilities will, in any case, be significantly reduced by the wide range of facilities that the Government have conceded should be exempt from the policy, principally schools and other educational establishments. Not only is this one of the most rapidly expanding areas of public sector leisure and recreation provision but, often, it is the most inefficiently managed and expensively operated. The claim that it is an educational service that is being provided is too

frequently used to justify artificial pricing, heavy subsidies and serious over-manning.

However, the Government is unlikely to tolerate the continuation of such a situation for too long and the application of the legislation governing competitive tendering for construction and maintenance work suggests that the scope of the tendering regulations will, over time, be steadily increased and the exemptions reduced. A number of councils have recognized the inevitability of what lies ahead and already taken steps to hand over management and sometimes ownership of their facilities to private bodies or to organize buy-outs by their own management. The majority, no doubt, will attempt to fight the changes creating yet another continuing battle with local authorities which better foresight might have minimized.

Spending levels

On the face of it, the least successful of the policies spelt out in 1979 has been the Government's aim of reducing council spending. In The Right Approach the Party had set out its clear view that it was "in the national interest that there should be effective controls on the total of local government spending," and warned that "strict control will also mean that unexpected increases in costs will have to be met by economies, not by increasing central government grants, and that central government should not bail out those authorities which have been extravagant or have mismanaged their affairs."

The controls available to help the newly elected Government achieve that objective were limited.

The rate support grant systems existing in 1979 encouraged extravagance by giving a greater share of the total available grant to those authorities which spent the most. It did not allow the Government to discriminate between authorities in imposing grant penalties. Thus councils who had heeded the Government's calls for economic restraint found their grants cut in the same way as those who had deliberately overspent.

In England, but not in Scotland, councils were under no statutory duty to levy a rate before the start of the financial year and could levy a supplementary rate at any time if their expenditure increased in unforeseen or unplanned ways.

One of the Government's early actions, in the 1980 Local Government (Planning and Land) Act, was to replace that system with one intended to allow expenditure targets to be set for each authority and to pay to each grants which, in theory, would allow all authorities of the same type to charge similar levels of rates for a similar standard of service. Overspending penalties could then be applied to specific councils. The new system soon revealed weaknesses in that a number of councils simply decided to ignore the loss of grant and spend what they wished. When it is abolished with the introduction of the community charge there

will few tears shed. Even the Government has had to admit that it has not achieved the hoped for results.

In Scotland the Government was immediately able to use provisions in legislation dating back to 1929 to withdraw grant from local authorities whose expenditure was considered "excessive and unreasonable". When that failed to achieve the desired objective (because some councils chose to maintain their high spending levels and simply pass on the cost of lost grant in higher rates) they took further powers to enforce cuts in rate levels on overspending councils.

The power to impose such "rate-capping" was in due course extended to England by the 1982 Local Government Finance Act which also removed the power to levy supplementary rates. It was, however, a weapon of limited value since it could only be used against a limited number of authorities in any one year.

Amongst other financial changes has been the requirement, following the protest refusal of a handful of councils to actually set a rate, that local authorities in England should set their rate by a fixed date before the start of each financial year, something that their Scottish counterparts had long been obliged to do. In addition, to back up the case for greater efficiency, the powers of local authority auditors have been extended to include not just ensuring that the accounts were accurate and legal but to undertake wider studies of comparative expenditure, methods and value for money, something they have done in England, at least, with considerable effect.

Despite all these efforts, the Government's first four years in office were marked by local authorities spending over £4.5 billion more than the target they had been set. Even today, in real terms, local government is spending broadly the same as it did ten years ago. Although the Government can take credit from its achievement in holding expenditure steady after three decades of continuous growth, it has not achieved the reduction for which it hoped.

Rates Reform

The Government's hope now is that the introduction of the community charge will, through electoral pressure, bring about the reductions in local authority expenditure that it has failed to achieve in any other way.

The community charge is perhaps the one measure that owes more than any other to Mrs Thatcher's personal determination. At the time of the 1974 pledge to abolish domestic rates within the lifetime of a Parliament, it did not appear that the Conservative Party had any more idea what to put in their place than had the late Richard Crossman when he floated the same possibility nearly a decade earlier. Subsequent events certainly supported that view. While lip service was paid to the promise, it was never explicitly repeated in subsequent manifestos. Cutting taxes was

stated to have a higher priority.

On regaining office yet another inquiry was launched into alternative ways of financing local government leading to a Green Paper in December 1981 setting out all the options with their by now well known drawbacks. This was followed in 1983, inevitably and predictably, by White Papers concluding that nothing could or should be done, but proposing instead some minor amendments to the differing rating systems north and south of the border. The determination of the Prime Minister appeared to have been defeated by her colleagues' unwillingness to risk radical change.

These matters might have remained, had rating revaluation not taken place in Scotland. In England, as in Scotland, such revaluations were supposed to occur every five years but the responsibility lay with the Government for initiating them. Wisely, since 1973, no government had been willing to face the inevitable unpopularity that would follow. In Scotland, however, the statutory position was different. Revaluations were to take place at the appropriate time unless the government took the initiative to postpone them. The one due to begin in 1983 was understandably postponed for a year with government ministers perhaps apprehensive about the likely impact on a General Election expected to take place about that time.

Interestingly, the opposition accepted the delay but argued forcibly, in speeches they must now regret, that revaluation was essential to maintain the strength and credibility of the rating system.

The result of that overdue revaluation was that houses in the affluent suburbs, and successful commercial premises, faced above-average increases while less well off areas and industry in general faced below average ones. The resulting outcry amongst adversely affected Conservative supporters reached such levels that it became clear to the Government that action, quite apart from the provision of some interim relief to the hardest hit, had to be taken.

In the previous October, yet another enquiry into local government finance had been set up following expressions of continuing dissatisfaction with rates at the 1984 Conservative Party Conference. It now faced the task of finding an alternative method of paying for local government with an unexpected degree of urgency and the fateful decision was taken that whatever else might be considered, rates were not an option.

In due course the 1986 Green Paper, Paying For Local Government appeared, setting out the Government's proposed option of a community charge through which all adult residents would pay a share of their local authorities' expenditure.

The new system was never going to gain the Government any instant popularity. Initially, those who have never previously had to pay a penny towards the cost of local government services, roughly

two out of three of the adult population, could not be expected to thank the Government for imposing that burden upon them. In time, however, the expectation is that any continuing animosity will pass to local councils who are perceived to be spending more than they need.

Through the community charge, voters who, in the past, have enjoyed the luxury of using local government elections as a means of recording a somewhat pointless protest vote against whatever government was in power, or more likely of not voting at all, will in future have a strong financial incentive to consider the plans and policies of those they vote for.

Unfortunately, however, the Government has betrayed some lack of confidence in the effectiveness of the new system to create accountability by retaining the power to impose community charge "capping." It has yet to recognize that such capping has, in the past, been a double edged weapon. It may have helped force some councils to cut their spending but it has done so at the cost of reduced accountability. With capping it is perfectly possible for councils to adopt high spending policies knowing that part, at least, of the blame for the resulting high charges will be laid at the government's door if it does not intervene to reduce them. If it does intervene, however, the blame for the consequent cuts in services will likewise be laid at its door.

Nonetheless, many will use the ballot box to elect councillors or parties that promise to supply services more cheaply, particularly when they can easily compare their level of community charge with that levied by neighbouring authorities. Councils will have to consider the practical ways in which reductions in expenditure can be achieved.

The quantity and quality of services can, of course, be reduced and an attempt made to lay the blame on the Government. The easier ability to compare community charge levels and the quality of services supplied with those of other local authorities, however, will limit that traditional local authority option. A more promising way of reducing expenditure will be to pursue increases in the efficiency of service provision, or, when that has reached the limit, to look for private contractors or private partnerships who can provide those services more cheaply still. Significantly, savings are not always made by actually using the outside contractors; sometimes the in-house service that is forced to compete for its work will, in fact, come up with competitive tenders even cheaper than the private sector can.

FUTURE SCOPE

The scope for wider competitive tendering and, indeed, for privatization, certainly exists.

Social services, for example, provide many instances of traditional local authority work being carried out privately, with or without council financial or physical involvement. A wide

and growing range of social services are provided by private and voluntary organizations and agencies -- in some cases, such as residential and nursing homes for the elderly, paid for directly or indirectly by the residents, in many others funded largely by central or local government who see the benefit of the more responsive, innovative and caring support they can often offer those in need compared with social workers bound by departmental rules and regulations.

Elsewhere in the world it is not uncommon to find private companies, both profit-making and non-profit-making, involved in the provision of social services on a contract basis. Home helps, home visitors, homemakers, halfway houses, meals on wheels and alcohol outpatient treatment are all supplied under contract in one part or another of the United States.

The initiatives taken by a number of new town development corporations facing ultimate wind-up have shown the extent to which professional groups such as architects, surveyors, accountants and solicitors can be successfully set up in private practice, using the contract to provide the services still required by their former employers as the basis to build up new areas of business, including other public sector agencies.

Some such groups are already in the process of establishing themselves as national organizations.

Even amongst the protective services there are opportunities for the use of private contractors. A private police force patrols the Munich underground. In America, some municipalities hire in the provision of complete police services from private companies. In areas as far apart as New York and San Francisco private enterprise police services, sometimes individuals, sometimes companies, are paid by households and businesses to provide beat policing of the kind that most modern police forces no longer undertake. In many areas private fire brigades provide protection under contract to local councils.

In theory there is probably nothing that local authorities do that could not be done by private enterprise or voluntary groups, either on a self financing or profitable basis or under contract. The key question in considering each case must be which method provides the best service to the consumer at the least cost.

The principal result of the progressive widening of the compulsory competitive tendering requirements has so far been to bring into question the whole assumption that because a council has a responsibility it must fulfill it by its own provision of services. Some communities elsewhere in the world have taken the process of contracting out far further than anything this Government has so far proposed. As the Widdicombe Committee noted: "It is not a necessary element of local government that it should itself deliver services. In practice it normally does, but there are examples of local authorities abroad where all services are delivered by some other body under the direction of

those authorities."

Where they continue to operate services, the need to cut costs will compel local authorities to look at the existing level of the charges they levy for the use of their services. The reality they will face is that many such services, particularly in the area of leisure and recreation, are used far more by the middle classes, who could afford to pay more for them, than they are by the low-income groups which councils claim to be helping by providing the service free or by subsidizing the charges they make for them.

Accepting that reality, many local authorities will increasingly set a more realistic level of charges for the services they provide. The majority of local authorities now balance their housing account and do not make any subsidy from the rates. There seems no good reason why they should not seek to achieve the same kind of result with many of their other services such as swimming pools and leisure centres. They would remain able to help those they regard as less well-off through giving concessionary rates and concessionary prices but the majority of users would be expected to pay a much more realistic price.

Increasing the levels of charges would, however, have major implications for the provision of such services. In some cases it may become clear that there is insufficient demand to justify continuing to provide a facility. In others, private companies may find it more worth their while to provide an alternative to that service.

Inevitably, the time must come when the reasons why local authorities provide some services at all will come into question. A handful have already transferred parts or all of their leisure and recreation services to the private sector. Others will undoubtedly follow.

In the past, it has been too readily assumed that private enterprise could not, or would not, provide adequate facilities. In the changed climate this Government has created, that assumption is less and less being made. In many rural areas village halls have traditionally been provided and operated by local organizations. Private enterprise has created sport and leisure complexes both as full facilities in their own right or as adjuncts to hotels and other establishments. The fact that they have been able to do despite the existence of heavily subsidized council alternatives suggests that the facilities they provide are perceived as superior by many members of the public.

In fact, such privately provided facilities are not always more expensive to the regular user. Although annual membership fees tend to be seen as quite high, taken over a year and allowing for the range of facilities provided and the time allowed for their use, the cost may well turn out to be significantly lower.

Those in need could, again, be helped to use such private

facilities through subsidizing concessionary rates, such as is done by local councils where they operate systems of free or reduced bus fares for pensioners, or by directly purchasing tickets to be distributed to those deemed to be in need.

Local authorities directly or indirectly operate a number of trading concerns, ranging from substantial businesses such as airports, bus companies and underground railways, through bridges, harbours and direct labour organization down to small scale operations such as abattoirs and crematoria.

Government policy is aimed at making such trading concerns operate on a commercial basis with their managements having a contractor-client relationship with their town hall masters. It is now proposing new rules to govern the wide range of companies in which local authorities have an interest.

Once such systems are in force, there will be little reason for such businesses to remain in council hands at all. The evidence of the privatization of formerly state owned industries is that the new commercial freedom and the spur of competition has led to a dramatically improved performance. If local authorities do not take the initiative in disposing of such businesses there can be little doubt that the Government will apply the same logic to the local authority sector as it has to itself.

It is perhaps surprising that it has not already done so.

Public transport, for example, offers a perfect example of a service which private enterprise can provide and would have provided in the past had licensing restrictions not physically denied them the opportunity to enter the market and heavy subsidies to the existing state-owned operators ensured that had they overcome the bureaucratic barriers they would have been unable to compete anyway.

Changes in legislation over the past decade have steadily eliminated both of these barriers with the result that buses, as a means of public transport, are enjoying a revival after years of decline -- except in areas where the level of subsidies was so high that the substantially higher fares following their removal has led to significant passenger resistance.

With the privatization of the bulk of the Government's own public transport interests nearing completion it would make sense for the municipal companies to follow suit, either through a direct sale to a private operator or by means of a worker/management buy-out.

Policy gaps

Amidst this programme of radical change there remain some curiosities and contradictions. Why, for example, has a Government with little faith in the ability of many councils actually strengthened them in their self-appointed role of

encouraging industrial development, rather than doing more to reduce their power to inhibit or delay such development?

The early introduction of enterprise zones and the recent development of the concept of simplified planning zones reveal a recognition of the problems planning can create but do nothing to diminish those problems in most parts of the country. The right to be consulted over the level of local rates councils proposed to levy, introduced as a sop to non-domestic ratepayers, has proved pointless in practice and done nothing to reduce the burden business had to bear. It is only belatedly, as part of the introduction of the community charge, that business and commerce will have their rate bills restricted. And the Government have actually increased the quantity of licensing and other regulations that councils can impose through the powers contained in the 1982 Local Government (Miscellaneous Provisions) Act and the Civic Government (Scotland) Act of the same year.

Equally surprising has been the apparent reluctance with which the Government has acted to deal with the increasing use councils have made of their resources to fight propaganda battles, the growing way senior officials have abandoned their supposed impartiality and sought election to neighbouring authorities or, worse, the way councillors have been appointed to senior jobs.

Such abuse was already in evidence before the Government was elected and yet, in contrast with its willingness to act quickly in other areas, it took until 1985 to appoint a committee under David Widdicombe to look into the matter. Having done so, it then rather curiously submitted its own evidence and suggestions for action. So it was not until 1986 that any action was taken to prevent overtly political propaganda and it is only now, ten years after their first election, that anything is being done about some of the other abuses.

THE EMERGING VISION

It seems clear that the Government has consistently misunderstood the motivation of many in local government and under-rated their capacity for creating political mischief. And regrettably still does.

Nonetheless, few would now deny that local government is in the midst of a period of revolutionary change. Whatever its position may have been in the past, the Government now has a clear idea of what it thinks local authorities should be like, what they should do and how they should do it. But it is a position it has reached as a result of unrelated responses to unconnected events.

Giving council tenants the right to buy their homes was a response to the clearly expressed wishes of many tenants, first demonstrated by pioneering councils like Birmingham in the sixties. It was, perhaps, also seen as a way of reducing Labour block votes on council estates. Cutting subsidies was seen as a way of concentrating help on those who needed it and ending what appeared too often as little more than electoral bribery of

council tenants. The introduction of housing action trusts and other Government initiatives appears to be less intended to deprive councils of a role in housing than an expression of frustration with the way certain councils have used the problem estates they, themselves, created in an attempt to blackmail the Government into giving them more money.

Only recent policy initiatives such as "pick a landlord" and the possible introduction of schemes to convert rents into mortgage payments appear intended to bring an end to municipal housing.

The early education initiatives such as parental choice and parental power over school management were no more obvious an attempt to remove power from councils but rather a response to what were perceived to be poor and declining standards and the introduction of subjects and teaching methods which parents, politicians, and many teachers found unwelcome and distasteful.

Only now, with the introduction of the power to opt-out, can any clear threat to local government be seen.

Compulsory competitive tendering was initially seen as means of dealing with badly organized, loss-making direct labour departments. Its subsequent extension to other areas of council activity simply a response to the revealed opportunities for savings that innovative councils already using the technique had demonstrated.

Even the replacement of rates by the community charge owes more to the historic accident of Scottish rating revaluation than it does to any plans prepared before 1979.

Now, however, a clear Government policy has emerged of encouraging a transfer of power from local government to the individual. After a decade of reforming legislation people have the opportunity to take power into their own hands, whether it be individually by buying their homes, collectively by taking their school out of local authority control, or at the ballot box through voting for a council that is efficient, cost conscious and prudent.

Structural changes

On their own, the changes already put in place or planned will, within the foreseeable future, substantially reduce the role of local councils to the point where the need or justification for two tiers of local authority will no longer exist.

The 1986 Green Paper, Paying for Local Government, dismissed the idea of single tier local authorities. "It is true," it stated, "that there could in theory be some gain in accountability if there were to be all-purpose local authorities throughout the country. Ratepayers would then know that the spending decisions of one authority lay behind their bills. But this gain would be achieved at the cost of enormous disruption

which a further large-scale local government re-organization would cause. And, in the course of that re-organization, it would be necessary, yet again, to face up to the fact that different local services can best be provided by authorities of different sizes."

Circumstances, of course, have changed significantly since then. The increasing use of competitive tendering removes much of the argument about optimum size of authorities for delivering services. Private contractors can set out to achieve the number and mix of contracts that gives them the optimum size without the local authority itself then having to be of any specific size. Equally important is the declining local authority involvement in certain services as individuals buy their houses and, as parents, decide to take their local school out of local authority hands.

It is indicative of the pace of change that, away from the protestations of the local authority vested interests, the debate has now begun in earnest over whether there should now be major structural reform.

On the one hand, there are those who argue that, just as the piecemeal approach so far adopted has permitted a process of radical change to take place without serious opposition from local authorities, so too the reforms already made should be allowed to lead, over time, to profound changes taking place in the nature of local government. Such a gradualist approach would, after all, avoid the need to take any clear, definite and potentially very unpopular policy decisions.

More and more houses would be sold or transferred to other landlords, increasing numbers of schools would opt out, the proportion of services provided by private contractors would steadily increase, spurred on by pressure from their community charge payers.

All of these factors would, if they were not reversed by a change of government, lead eventually to leaner, more efficient local government, but one still divided between a largely two-tier structure designed in the expansionist sixties. Eventually, single tier, all-purpose authorities would become inevitable.

On the other hand there are those who see the need to make changes now, rather than face a lengthy period of warfare as change continued to be bitterly resisted by many in local government.

Neither local government nor the people it is supposed to serve would benefit from such political warfare. For that reason, if no other, it is argued that there is a need for the Government to consider now the case for more rapid and radical reform that will create local councils which are efficiently operated, properly managed, genuinely independent of central government yet fully accountable to their local electorates.

Why wait, it is asked, while an increasingly inappropriate and costly council structure fights to frustrate, or at least delay, the transfer of its powers and responsibilities to ordinary people? Might it not be better to recognize the long term implications of current trends and set out now to create a local authority structure more appropriate to the reduced role local councils will inevitably perform in the future?

For a Government prepared to recognize the fundamental irrelevance of the Greater London Council and the Metropolitan County Councils and waste little time in abolishing them in favour of a system of single tier authorities in the London Boroughs and the Metropolitan Districts, the answer should be obvious.

And the opportunities for new directions in local government created by this Government do not stop at altering individual functions, transferring ownership of individual facilities, or even at the creation of single tier authorities.

New solutions

Since the Second World War, governments of both left and right have found it convenient to develop public and private institutions that carry out various local government functions but without suffering what are commonly seen as the delays and drawbacks inherent in the decision process.

While the Government did not designate any further new towns and accepted the previous Labour Government's policy of winding existing ones up, it did adopt the concept as a method of reviving the decaying dockland areas of London and Liverpool and, more recently, to redevelop a number of similarly run down urban areas.

In the aftermath of the troubles on Merseyside it experimented in the renamed Stockbridge Village with a new form of quasi-private community trust which was to take over a complete council estate, run it as a commercial concern, financing a substantial programme of improvement through the sale of houses to tenants and vacant sites for building. The experiment was not an unqualified success, encountering serious financial difficulties when the assumptions, estimates and projections, which had been made somewhat hastily, turned out to have been rather optimistic.

Learning from the lessons of the Stockbridge Village experiment, a far more extensive initiative was set in train at Thamesmead. To continue the development of this new town after the GLC was abolished, the residents voted to transform themselves into a community town, organized as a private company limited by guarantee with a board of directors largely elected by the local residents.

Although not a local authority, Thamesmead Town carries out many functions that in more conventional communities would be the

responsibility of local government. It owns and manages around 5,400 houses, 150 industrial and 55 commercial tenancies. It manages and maintains over 200 acres of parks, open spaces and water areas for leisure use and supports a wide variety of local community organizations.

The achievements at Thamesmead demonstrate that there may be an attractive and viable alternative to the traditional forms of local government in which communities could resolve to transform all or part of their local authority's functions into a form of community company operating under company law instead of local government law.

Free of the normal constraints on local authority activities they would be able to operate commercially, offering services to other communities, to public bodies and, of course, to private sector companies.

In the post-war era, it has fallen to Conservative Governments to undertake the major reforms of local government, whether it be the establishment of the Greater London Council and the London Boroughs in 1963 or the introduction of the new two tier structure throughout the rest of Great Britain in the early seventies. In each case, reform had been under discussion for many years before and, to an extent, whatever government had been in power would have introduced change.

This time it is different. It has fallen to this Government to bring about more fundamental changes than any of their predecessors. There can be few people, looking back over the changes of the past decade, who would be brave enough to predict the pattern of local government in Britain ten years from now. But there must be even fewer who can doubt that it will be radically different from that to which we have become accustomed since the war. How far and how fast that change will take place may be open to argument, but the fact that it will occur cannot.

CHANGES IN EDUCATION: RESCUE AND REFORM
by Prof David Marsland

Few measures have provoked such fierce opposition during the period since 1979 as the government's programme of educational reform. It has provided occasion and excuse for hysterical newspaper articles and television programmes, a plethora of self-righteous 'letters to the editor', and noisy demonstrations reminiscent of the sixties.

Yet the government's approach has throughout been extremely cautious. The changes effected so far have been remarkably modest, leaving the basic structure of the education system established during the past four decades almost intact. Moreover, the government has been responding through its measures of educational reform to widespread public dissatisfactions with existing policies and working largely with the grain of public opinion.

Given this apparent paradox, and evaluation of educational reform since 1979 has to begin with an analysis of the sources and causes of resistance to change. There seem to be five major factors.

1 In education -- more than in social welfare, and almost as much as in health -- established arrangements have become widely regarded, despite their recency, as normal, natural, inevitable, and unchallengeable except by philistines. Thus a major source of resistance to educational reform is simple conservatism, which has made a shibboleth of systems and procedures which ought properly to be regarded merely instrumentally and treated entirely pragmatically.

2 In the field of education, attempts at reform run up against a powerfully entrenched set of vested interests. Since the 1940s the teachers' unions, particularly the NUT, have been allowed to get away with a degree of syndicalist influence which makes the destructive control of motor manufacturing by trade unions in the sixties pale by comparison¹. To the trade unions' specious success in equating their conceptions of labour interests with the educational needs of children and of society, two further powerful segments of educational vested interest have been added: the self-serving, short-sighted mischief-making of student unions, particularly the NUS; and the neurotic conservatism of higher education, which, through teacher training and more broadly, exerts a stultifying strangle-hold on the education system as a whole.

3 Exaggerated resistance to overdue educational reform has been strongly augmented by the posturings of the Labour Party.

Scarcely less than in the sphere of health, the Labour Party has sought (somewhat less than persuasively) to claim educational advances since the war as its own exclusive achievements, and to shrug off educational deficiencies as the results of inadequate resourcing. Thus committed to the educational status quo at all costs, Labour leaders and spokesmen have expended their energies in misrepresenting the government's plans, and in misleading the public about the real reasons for educational inadequacies.

4 Even more recalcitrant resistance to educational reform has been demonstrated by the extreme left within and beyond the Labour Party. Since the nineteen sixties the education system has provided extremists of the left with their major arena for subversion of liberal democracy. Threatened in their heartland by educational reform, extremists and self-proclaimed radicals have spared no effort to whip up opposition locally and nationally to the government's policies and plans.

5 Lastly, there has been a continuing univocal campaign against educational reform in the media. Educational correspondents, even more than other special correspondents, have tended to be recruited from or incorporated into the ranks of conservative supporters of the status quo and vested interests. Treatment of the Education Reform Bill, prior to its enactment, on television and in the press will seem in the light of history to have been scandalously biased. Even discounting the visualized, rancorous negativism of the egregious Professor Wragg, coverage of the Bill throughout the media was exceptionally one-sided, devoid to a shameful extent of acknowledgement of the need for reform, and consistently evasive of its responsibility for examining reform proposals on their merits. Despite all the left's specious claims about the supposed biases of the Murdoch media 'empire', two of his papers, the TES and the THES, in fact ran shrill campaigns against the Bill from start to finish.

Thus the government's plans for educational reform during these past ten years have had to contend, despite their cautious modesty, with organized resistance arising from educational conservatism, vested interests, the dogmatism of the Labour Party, extremist sabotage, and a biased campaign of opposition in the media. All of this has gone far beyond rational disagreement. It has slowed down and held back educational reform significantly.

The need for reform of education

The deficiencies of the post-war educational settlement have long been apparent. The main lines of the early and prescient critique provided by the authors of the Black Papers are now widely admitted to have been essentially correct 2. Mr Callaghan's authoritative plea, in that antediluvian era when Labour still seemed the natural party of government in Britain, for genuine debate about the manifest failings of the education system went entirely unanswered for far too long.

Dissatisfactions expressed throughout the seventies by parents and employers alike with the patent ineffectiveness of many schools in the basic education of tens of thousands of our young people -- even in such simple matters as arithmetic, reading, and spelling -- were persistently ignored by the educational establishment 3. Long standing anxious perplexities felt by many people, in the suburbs almost as much as in the inner cities, about the transparent failure of many schools to influence children and young people wisely and well were confidently if implausibly, dismissed by educational experts and lobbyists either as unfounded or as the responsibility of society at large, social inequality, capitalism, or even 'history'. Anything rather than admit that, as Professor Rutter's research demonstrates, good schools have beneficial effects just as surely as bad schools destructively fail their pupils4.

Nor, finally, is it a recent discovery that established educational principles and practices have served especially badly the interests of those young people who most need and deserve effective education: the unemployable children of the inner cities, initiated into self-expression instead of skills and self-discipline; and the children of the ethnic minorities, who have been fobbed off with 'anti-racist policies' which left them deprived of that genuine knowledge, those useful skills, and that realistic self-confidence which it is the project business of good schools to engender and instill.

It has been by no means the least of the government's achievements that it has at long last acknowledged -- and demonstrated to the satisfaction of almost everyone outside the educational establishment -- the reality and the extent of failure by the education system. Comparative international research merely confirms what has long been obvious -- in respect of practically the whole range of educational outcomes Britain fares badly by comparison with other major industrialized societies5.

For example, in a recent comparison of fifteen year olds' arithmetic capacities West German children did not merely significantly better but actually twice as well as British children6. Indeed, many of the British children could not answer the questions, involving decimals, fractions, and percentages, at all. In a follow-up study:

"Three papers for GCSE Arithmetic were set in a German school for the lowest ability range. A staggering 40 per cent of 15 year old 'low-ability' Hauptschule pupils sailed through the test with marks of 80 to 100 per cent.

That is the equivalent of an O-level grade C pass in this country, achieved by only the top 15 per cent of 16 year-olds. And Hauptschule are the lowest of three grades of German senior schools, roughly the equivalent of our old secondary modern.

For their six-part programme, 'Educating Britain,' LWT tested

British pupils in a similar ability range on the mathematics paper for the Hauptschule leaving certificate. All ten questions on fractions, percentages and decimals had been covered in lessons in the comprehensives.

The 170 British childrens' average mark was 33 per cent compared to the Germans' 61 per cent. Most Germans easily divided 543.75 by 12.5 whereas few of the British pupils knew how to start."

Amazingly a British expert is reported as criticizing the German leaving exam as 'too mechanical', and aimed merely at 'cramming mathematical techniques'. Invited to provide an alternative:

' .. she devised her own test, designed to measure pupils' underlying understanding of mathematical principles and how to apply them to practical circumstances.

Again Britain lagged behind. The average German score was 62 per cent compared with 44 per cent in this country."

What parents and the public expect from the education system in the first place is sound, effective schooling of our children in the basic skills and knowledge necessary for a normal productive life. If children can't spell, can't manage simple arithmetic, fail in examinations, advance less far in education than their capacity should take them, are not equipped for work and careers, we have a right to be dissatisfied and to demand reform.

Secondly, parents and the public quite properly expect the schools to back the family in helping children and young people to learn decent personal values and good behaviour. On this the education system has been patently failing in recent decades even more seriously than in respect of academic schooling, particularly in inner city comprehensive schools. The 'league tables' proposed as records of the success and failure of schools should include -- in addition to the usual number and level of exam passes and the proportion of entries to further and higher education -- the statistical incidence of hooligans produced, the proportion of delinquents, and the level of overall courtesy achieved.

A recent study I have made points up a third area of failure in the education system which has not so far been as widely recognized as the collapse of academic and social education. Parents and the public do not expect and do not want our children to be tricked and bullied into sectarian and alien beliefs; to be taught nothing about their own country except its alleged failings; to be schooled deliberately in contempt for democratic freedom; and to be inveigled into spurious sympathy with the enemies of Britain and the free world. Yet this is happening.

They have a right to expect -- what so far they have not demanded because we all took it for granted -- that education will encourage children and young people to believe in the value of democratic freedom, and to comprehend the importance of its

defence⁷.

Thus on all three of the key fronts of educational achievement -- academic, social and moral education -- the record of the established schooling system is much less than adequate. The necessity for entering on a programme of serious reform could hardly be ignored by any government with the interests of children and of Britain genuinely at heart.

Steps towards reform

Even in the earlier years of this radical decade, when the government was largely preoccupied with salvaging and restructuring the economy, with trade union reform, with defending British interests, territory, and people against invasion by armed force, with responding to the destructive challenge of the miners' strike, and with other important matters discussed elsewhere in this book, even then reform of education was not neglected. Through initiatives such as TVEI, the Youth Training Scheme and other Manpower Services commission programmes, and latterly the City Technology Colleges, consistent pressure for reform has been applied right across the educational spectrum throughout the decade.

There can be no doubt that the Education Reform Act of 1988 has been the pinnacle of primary instrument of educational reform. It should not be forgotten, however, that before and outside the Act these other measures have made a significant contribution to rescuing education in Britain from serious weaknesses inherited from the period before 1979.

In conjunction, these measures seem to have had two distinct sorts of valuable effect. First, they began to shift educational objectives and methods in a more realistic and practical direction. They have served to orient teachers and pupils alike towards a sensible accommodation with the real world and its contemporary demands. This in turn has facilitated genuine practical attention -- instead of ritual pieties -- to the needs of the great mass of boys and girls in the schools and colleges. While many of these changes were initially resisted by the educational establishment, they have for the most part proved so successful that by a delightful irony, the same people are now strenuously defending them, and arguing -- quite erroneously in my judgement -- that they may be threatened by the Education Reform Act.

These various earlier measures have also had a second, no doubt unintended, beneficial effect. They have served to acquaint a hitherto rigid and unbending education system about what serious change and reform really mean. They have thereby prepared the way for the more radical changes inaugurated by the Education Reform Act itself.

The Education Reform Act

The Act is an elaborate and complex piece of legislation. It inaugurates significant reforms right across the whole education system. Its importance is of the same order as the 1944 Act which established the post-war educational settlement.

However, although these two great twentieth century education acts are similar in scale and significance, they are as sharply different from each other in concept and ideology as is suggested by the names of their respective sponsors: The World of 'Butlers', with its intimations of aristocratic paternalism and obsequious, below-stairs deference, is to be replaced by the more liberal ethos of the land of 'Bakers' where independent, enterprising artisans make what the customers want -- at a profit.

The transformation thus suggested is being effected by changes in many parts and in many dimensions of the education system as a whole. There is room here to address only the most important of these changes.

These are six in number. Three of them comprise together a composite troika of reforms which, as their effects are felt, will gradually facilitate a steady movement away from the straitjacket of bureaucracy (both local and central) towards a liberal and liberated system within which free choice, competition in terms of standards, and parental satisfaction, and dynamic flexibility seem likely to be the key components.

These three reforms are: first open enrollment, which at last allows parents genuine choice of schools for their children, by preventing LEA interference with the growth of good schools; secondly financial delegation, which transfers to the governing bodies of schools (within which parents will have increased power) real budgetary control at the relevant micro-local level; and thirdly the creation of grant-maintained status, into which, with the backing of a parental vote, most schools are enabled to opt, leaving LEA control behind them.

In addition I briefly address two measures designed to straighten out the incompetence and corruption into which the curriculum of schooling has increasingly fallen over recent decades -- the National Curriculum, and the abolition of ILEA -- and also some aspects of the reform of higher education.

The Act received the Royal Assent in July 1988. Its effects remain in consequence largely hypothetical at this early date. Any evaluation is therefore necessarily provisional and liable to error. This has sadly not prevented opponents of the Act condemning it out of hand, nor precluded sweepingly dogmatic critiques, based on prejudice rather than evidence, by reactionary exponents of the educational status quo. An attempt at a more dispassionate evaluation, allowing for possible difficulties and dangers while also acceding to the need for

reform and to the possibility that the Act might be pointing us in a beneficial general direction, seems at least as allowable.

Freedom and responsibility to replace bureaucracy

There can be no doubt that some LEAs are much better run than others, and some are very well run indeed, by every relevant criterion. However, even in the best cases, and certainly on the average case, LEA control has increasingly meant the application of the dead hand of bureaucracy. This has involved, as bureaucracy always does involve, both excessive control -- with local and industrial initiatives stifled by overgeneralized roles inflexibly implemented, and its equal and opposite vice -- anarchic lack of control, as inefficiencies and mischief-making slip through the grossly woven net of distant planners, administrators and clerks.

With open enrollment, financial delegation, and the possibility of opting out, the Act provides a subtle mechanism for limiting bureaucracy and optimizing responsible freedom. Open enrollment (and its associated measures) offers for the first time to parents outside the private sector a genuinely free choice of schools. Nothing could be more essential, more beneficial, or more likely to prove popular in every part of the kingdom than this. It will benefit parents twice over.

First it will endow them with a genuine role as bona fide consumers. No choice: no consumers. Q.E.D. Secondly, concern among teachers and heads (and LEA officials) to avoid finding their school consistently rejected seems likely to have a powerful incentive effect. Everyone concerned will, willy nilly, do their level best to ensure that their school provides the standards and the qualities which parents want. Competitive stimulation will drive standards up.

Financial delegation from LEAs to powerful governing bodies in which parents and employers play a key role will strengthen these same effects. It will provide a direct and rapid transmission belt between consumer satisfactions and dissatisfactions on the one hand, and educational planning and decision making on the other. It will provide powerful motivational support for heads and senior teachers in all their difficult and important tasks. It will facilitate both enterprising flexibility in the short term, and long-term planning and development at the relevant operational level of the individual school.

Where these mechanisms fail, or where recalcitrant LEAs seek to prevent them even from being seriously tried, the possibility of schools opting out of LEA control into quasi-independent status in the new grant-maintained sector will come into play. There has been much speculation about whether schools will opt out in drives or in modest numbers. Both possibilities have been seized on by opponents of the Act who lack nothing in unprincipled inconsistency, as grounds for criticism.

In my judgement, the extent of opting out is likely to be very modest at first, gradually increasing over the years, until eventually a substantial grant-maintained sector, mediating between the private and the LEA sectors, is created. However, from the point of view of educational reform, there is no necessity for opting out to go beyond modest levels, even in the long run. The simple fact of the availability of the option will have -- is indeed already having -- rigorously galvanizing effects on LEAs, on heads, and on senior teachers. For if it is to be avoided, they will have to get the ship in good order, and set out boldly on a journey towards the destinations which parents want for their children. Moreover, the mere possibility (not to say threat) of withdrawal from LEA control has powerfully strengthened the arm of sensible heads and senior teachers (the vast majority) in the persistent conflicts in which local unions and a minority of disaffected teachers seek to involve them.

In short, these three measures look likely to provide in combination a beaten path away from incoherent and inefficient bureaucratic control towards a more competitive world of autonomous, responsible schools. Thus liberated they should be capable of answering much more effectively the needs of parents and children, and the demands imposed by Britain's likely social and economic development over the next two or three decades. Nor will it be coincidental if this reformed system allows full scope for the first time for the genuine professionalism of teachers, and for their active involvement in improving the standards of education right across the country.

The wayward curriculum

While the measures discussed in the previous section have been criticized mainly from the left, the installation of a national curriculum has proved a source of concern to a wider spectrum of opinion. I cannot see that this is justified.

As the book from which I have taken the title of this section graphically demonstrates, the vagaries of political control of education have created since the nineteen sixties an altogether incoherent mosaic of curriculum patterns in different local areas and different schools⁹. Without some constitutionally legitimate and professionally constructed framework, the liberal measures described earlier might conceivably make this situation even worse.

The decision, carefully formulated in the Act, to establish a nationwide curriculum framework seems to me absolutely essential. There is nothing remotely authoritarian, as some have characterized them, about the power through which the Secretary of State will make the necessary decisions. He and his successors are the properly appointed, democratically accountable, ministers in governments created by genuinely free and democratic election. His and their decisions will be shaped by the best professional advice.

As to particulars, it would seem strange in almost any democratic society except Britain that a broad curriculum framework and its associated procedures of assessment should not be specified by the elected government. It seems to me unarguably wise to expect all our children and young people to study coherently and to be assessed carefully and regularly in the core subjects of mathematics, English, and science, and in a range of foundation subjects. Do the critics of this key element of the Act really believe that instruction in the fundamentals of education can be left to chance? Do critics (mainly on the left in this case) of the Act's prescriptions for assessment really believe that the haphazard procedures evolved since the sixties can conceivably do justice either to children's (and their parents') need to understand how they are progressing, or to the challenges of an increasingly competitive work world and global economy?

Some critics have argued that there is a contradiction between the liberalizing ambitions of the Act as a whole (and such measures as free choice of schools and delegated finance and authority in particular) on the one hand, and the 'imposition' of a national curriculum on the other. This seems to me to represent a typical Hampsteadian misunderstanding of the whole tenor of the government's endeavors over the past ten years. Far from being a contradiction, the combination of more liberal and more conservative elements in the Act is intended as a deliberate and judicious balance. It seems to me that the Act has got it just about right.

Inner London cast into outer darkness

It was a late and curious alliance between Norman Tebbit and Michael Heseltine which ensured that the ILEA would be cast into the outer darkness of immediate extinction. The mistake was to let it survive a moment longer than the GLC. At the last hour, however, a wide spectrum of British good sense -- well represented by the wide ideological gulf between Tebbit and Heseltine -- recognized, as often before in our history, an enemy we had to defeat before it was too late.

All sorts of justifications for salvaging ILEA were discovered or specially invented. Among them only the need for cooperation for some special conceptual problems seems to me to carry any valid weight, and this is not prevented, and may even be facilitated, by the restoration of educational authority to the genuinely local level where it properly belongs.

The case against, by contrast, is damning. Even before ILEA had been subverted and hijacked by Mr Livingstone's cleverly disguised extreme left, the scale of ILEA was proving of itself thoroughly counter-productive. Stultifying bureaucracy had long been rampant. Enterprising head teachers could make little headway. Parental involvement was discouraged by the paternalism of municipal socialism. Even the good old ILEA we are all supposed to be proud of was a powerful multiplier, by its very size, of all the fashionable post-war educational mistakes, and

often it was their originator.

But of course the last phase of ILEA was infinitely worse. I have examined its multifarious derelictions systematically in 'Education for Defeat'10. These unpardonable errors were the expression and product of the worst case of systematic politicization of education in Britain's modern history. This went far beyond the type of 'social engineering' which the ignorant, madcap sixties spuriously legitimized. It sought to turn our schools and colleges into sectarian seminaries devoted to dissemination of political ideas of dubious validity and negligible popularity.

From its headquarters in our capital city this half-cocked suppressive enterprise went a long way in a short time in spreading throughout Britain and into a remarkably large number of schools and colleges a pretty poisonous brew of dogmatic notions:

- CND defeatism
- anti-Americanism
- anti-semitism disguised as 'anti-zionism'
- proseletyzing homophilia
- extreme version of feminism
- downright anti-capitalism
- counter-productive brands of anti-racism
- welfarist collectivism
- pseudo-co-operationist resistance to competition
- specious third worldism
- apologetics for communism
- a morality cunningly compounded from Utopianism and nihilistic cynicism
- anti-nuclearism

And more. In relation to all of the elements of the ideology it propagated at ratepayers' and tax-payers' expense, there is room for argument, evidence for both sides of all the arguments involved, and scope for honest, fundamental disagreement. What went wrong in educational contexts for which ILEA was responsible was that competing and alternative analyses were too often simply disallowed and the messages transmitted even in actual classroom situation were one-sided, pre-emptive, and dogmatic.

I suspect the situation was even worse than has so far been documented. Certainly it was more than bad enough to justify of itself - discounting the further disbenefits of massive bureaucracy and financial waste -- the decision to wind the show up as expeditiously as possible.

That decision has restored educational authority to appropriate local levels. It is now for the London Boroughs to demonstrate their commitment and competence by improving standards of education in London rapidly and drastically. Both the government and the people -- not least the parents of London's children -- will be watching their performance carefully.

This element of the Education Reform Act certainly has important structural effects. The massive misused power of ILEA has been broken, and the authority and finances it rested on have been devoted to smaller, more legitimate, genuinely local authorities. It seems to me, however, that the importance of this measure is at least as much symbolic as structural. It signals unambiguously to any who would seek to distort education from its proper purposes into sectarian, political channels that the British people will not tolerate, will actively prevent, the use of education for anything except education itself.

Challenging ancient pieties

The trouble with modern academics is that they want the piper to pay them handsomely, while they call the tune for him, and even specify the instrumentation in detail. It is a nice dream, but it cannot work.

If there were more independent institutions of higher education like Buckingham, a genuine market and direct and open transactions between producers and consumers of knowledge, the academic dream might be gradually realized. In the existing state monopoly system (which critics of the Education Reform Act's implications for Higher Education have been foremost in supporting over the past three decades), academics simply cannot realistically expect to be any less accountable than the Act modestly seeks to make them.

Until now our institutions of higher education have managed to subvert all attempts at serious reform -- diluting the Technological Universities, incorporating the Polytechnics, avoiding serious involvement with industry, subordinating practice to theory, evading expansion, fending off the 'unsocial hours' which widescale access to higher education entails, apologizing for scholarship at all costs and however futile, and cultivating the notion of higher education as part of the welfare system.

The government's approach to higher education from the beginning and particularly on those parts of the Education Reform Act which deal with it, signals the end of cosy conservatism in Britain's resolutely ivory towers. Hence the loud and continuous signals from distinguished persons of all political persuasions in the academic world.

What the government intends appears to be as follows: substantial expansion in student numbers; coherent control through the UFC and the PCFC of its substantial public expenditure on higher education; sharp improvements in efficiency, productivity, and the quality of teaching; a reorientation of research towards genuine long-term and short-term customers' needs; and the schooling of academics and students alike to the real costs of higher education, and to their responsibility for making a significant contribution to

these costs on their own account.

As with the schools, the intention is clearly to facilitate independence, flexibility and realism¹². Universities, polytechnics and colleges are to be relieved of their 'lame duck' dependence on local and central state subsidies, and required to fend autonomously for themselves in a competitive environment. Tenure is an inevitable casualty of this shift in cultures. The myth of equality of status between institutions is another. The presence of comprehensive coverage of all aspects of teaching and research which prevents rational differentiation and specialization is a third.

On the higher education clauses of the Act, unlike most of the rest, the opposition parties seem unsympathetic to reversing the government's reforms. This might seem a clinching argument for academics to desist from their futile oppositionalism, and to knuckle down to constructive involvement in what could prove to be one of higher education's most exciting and most valuable eras.

Competition and excellence

For forty years and more the educational establishment has turned its face against excellence, and contemptuously spurned the role of competition in educational processes. Play-way primary schools, comprehensively unambitious secondary schools, and seats of higher learning occupied by academics skeptical of the value of knowledge have progressively (in both senses of the word) driven down standards of achievement in British education. In a period of world history when economic, social, and cultural competition imperatively demand the very highest standards of academic and personal education from all our people, the education system has failed Britain badly.

It was time in 1979 to renew our old-established, recently abandoned, commitment to excellence, and time to acknowledge honestly again that competition is the indispensable instrument in stimulating excellence, in education as in every other sphere¹³.

The government has answered these challenges clearly and honestly. It has determined to rescue education from the contemptible state into which it had fallen. It has set in train a programme of radical reform which could -- with luck, with wisdom, and with time -- enable our schools and colleges, our teachers and our lecturers, to create in Britain a citizenry such as our political traditions and modern democracy alike demand: intelligent, enterprising, self-critical, courteous, and confident.

No doubt time will show that the educational policies implemented since 1979 have been mistaken in some aspects. It might plausibly be argued, for example, that the government should have been more courageous in its assessment of the role of educational

vouchers in restoring freedom of choice to parents and to students. Or again the public may conclude with hindsight that education in the eighties needed even more generous public investment, and that extra funding should have been diverted from other less productive, less important areas of government expenditure. However, we must wait for the privileged retrospect of history some while. For now, we should be content that at least the challenge of rescuing British education has been taken up, and that the task of serious reform has been entered on courageously.

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ARCHITECTURE IN THE THATCHER AGE by Paul Krieger

The last ten years have brought a great many changes to architecture and the architectural profession in Britain. These were unavoidable given the economic restructuring of Britain through Margaret Thatcher's policies and the upheavals in architecture caused by the postmodern movement in architecture. The economics of development have initiated a building boom and a wave of renovation that has radically affected the look and feel of Britain, in London particularly. 'Hanging on in quiet desperation' is no longer the English way. One can see all this in the large new developments, in the store fronts and in the once quiet residential streets.

The skyline above London is filled with constructive cranes as the city grows upward. At the street level, stores have shed their traditional patina for bright lights and large glass facades. This is particularly evident around Covent Garden where a neglected part of London has become a focus and model for the energy and life that are such an essential part of urban living. A walk down a residential street outside the centre of London, such as in Queensway, is now a walk through a construction site. Houses are being modernized left and right, updating a housing stock that was badly in need of new plumbing and heating. And these houses are for sale. The incentives to own have placed the burden of upkeep and renovation on these new owners. With this ownership comes security and control of one's economic future. This has been so much more effective than government intervention. It unleashes energy and money so that the housing stock is not a concern for the government.

Ten years ago, the architectural community was beginning to grapple with postmodern architecture. The schools of architecture were filled with discussions of semiotics, language, classicism and the current trends in America. The rather morbid Brutalist movement was giving way to urban contextualism and vernacularism. A general dissatisfaction had set in between the average practicing architect and the students and teachers of architecture. The job outlook for students was bleak, not only in terms of working for someone, but of ever opening one's own office. It seemed in those days the highest aspiration was to build a block of council housing flats. All over London, concrete and dark brick buildings were casting a literal and spiritual shadow over England.

Postmodernism, both of native and foreign origin, brought history and the human condition back into architecture. It became a critique of the concrete culture bunker architecture, the brutalism, the seriousness and the greyness. Abstract design was

to invite the interpretation of the user, and vernacular or historicist design was to recall the past and create a successful dialogue with the existing historical city. This respect for classicism had support from the likes of Sir John Summerton, Robert Krier and Terry Quindlen, but much of the power and urgency of classicism came from the North American architects. Lack of a significant historical city and confronted by the destruction of the city by government-sponsored urban renewal caused the North American architects to find fertility in historical forms. This acceptance of historical forms was very suspect by British architects, but it was the beginning of an empirical approach to urban design in the city with an interest in complementing the historical context in elevation and massing.

The intuitive approach, that is *a priori*, was abandoned. No longer was the sole purpose of architecture to change or perfect man. It was to carefully observe the way man lived and to accommodate his lifestyle, his habits and even his taste. Vernacularism approached architecture very humbly and worked well within existing lifestyles and existing contexts. Equal to this has been an increasing interest in a technological look, as demonstrated by architects such as Richard Rogers, Norman Foster and Terry Farrell. They have presented an impressive body of work, which have been most successful when the architecture and the function of the building have had a common link. Time will be the best judge of a building such as the Lloyds Bank Building by Richard Rogers as an interruption in the historical urban context of the financial district.

It is quite by accident that the economics that make revitalization and development of the city possible and an historical form should come together during the last ten years. This has been very fortunate for the city of London, but the competition for the addition to the National Gallery demonstrated the tension that was still there between architects and the public. The American firms invited to compete submitted very conservative and classically inspired schemes while the British architects were more idiosyncratic. The first competition made very apparent that the established architectural profession, represented by the head of the RIBA, held a 'sod you' attitude to the public, and that Prince Charles was to become more vociferous in his opposition to architecture he did not like.

Because of the building boom, architects have had more opportunities to build what they think and feel is appropriate, and certainly given the Prince's outspokenness, the public will feel more confident in criticizing new architecture. The result is that architects will be criticized for what they build and what they think. An interesting twist in this is that a new direction has been declared by the architectural profession that will challenge the compatibility of postmodern architecture and recent economic development. Whether representative or not, the *Architectural Review* in 1985 declared postmodernism was dead, and that a new spirit had arrived. This new spirit is in opposition to the politeness of postmodernism, and it is yet indeterminate

where this new architecture and the new economic opportunities will meet.

The result of all this is that under Thatcher during the last ten years there has been an architectural optimism, optimistic about commissions and about the chance to contribute to the existing wealth of architecture. Survival in architecture has been replaced by the challenge to create something remarkable.

Possibly the biggest discussions in architecture has resulted from the large developments proposed for London, such as Canary Wharf and Kings Cross. Under Thatcher, it has become profitable and possible to develop properties to accommodate growth in population and employment. London is being transformed, woken from a long sleep and free from paranoia about development. The stumbling blocks to development set up by previous governments have been diminished, and enterprise zones have been established.

The projects mentioned above are large and their scale will certainly scare a city like London that had enjoyed or suffered from, depending on your point of view, a rather unremarkable development in the years before Thatcher came to power. If one does not like new buildings or if one is suspicious of developers, then the future under Thatcher will definitely be miserable. However if one is tired of looking at lands laying empty and the blight they bring, then the future is brighter. A city's economic and environmental health is measured by how much of its land is being actively used, whether it is producing profits (and tax revenues) or recreation.

The outcome of these projects is dependent upon the ability of the architects and upon the understanding of developers that the success of a projects is both a product of profit and good design. The feat of building a new city within an existing city such as London is daunting, and certainly past efforts, such as the Barbican, have been questionable successes.

It is good that the architectural community is taking a keen interest in these developments, especially when foreign developers and architects are involved. The land is definitely underutilized, and the need for development is there. There has always been a fear that somebody is going to make a profit, but London can only benefit from well designed developments. British architects will have their chance to demonstrate their design skills when they work on these large developments.

These developments will hopefully demonstrate to existing areas what the future holds. The greatest hindrance to this will be local councils who use their political clout to stop development. Local governments must represent the residents without holding them captive for their own political purposes. The issues of gentrification still need to be given appropriate attention, but no progress can be made if the local council considers any change as a change for the worse.

The sale of public housing estates to tenants has become a major policy over the last ten years. It has been described as selling out poor people and as a way for the government to reduce the burden of its debt. But the real issue is the benefit to the new owner of a house. Indeed the burden of maintenance of a significant portion of the nation's housing stock is placed on the new owner, but they are more than willing to shoulder this yoke if their money and energy is building equity for them. The government must push forward the measures that put people directly in control of their housing. The intangible benefits of this are many. The people most affected by options and decisions regarding housing are the ones making those decisions. There can be no more efficient allocation of resources or matching of supply to demand.

One can easily see the remarkable difference in a council estate between tenants and landlords. The house and garden reflect the concern and care that are intrinsic with ownership. What is less visible is the mental well-being of home ownership. This gives them options and control over their economic destiny, especially in regard to their home, their single most stable possession.

One can see the enormous changes and renovation when the private sector is encouraged outwith the council estate, and the same will be even more dramatic on the council estates where pride of ownership is a triumph over poverty. The cost of the upkeep of public housing was making new construction impossible, and the untapped energy of potential council housing owners is a match for the huge task of renovation of the public housing stock. The energies of these owners can replace the lazy and inefficient bureaucracy of the government. The emotional well-being of home ownership is hard to estimate, but it has turned the patient into the doctor. And the city is that much wealthier for the individual wealth of these new owners.

Another of the intangible benefits of the last ten years has been the architectural optimism that has been generated. An abundance of work is always a cause for celebration. The blandness that had plagued England has become the challenge for the young architects. The publicity of the large projects tend to overshadow the infrastructure of English cities that is sorely in need of attention. Here is the perfect market for young architects and small design firms whose diversity is the perfect match for the diversity necessary for any city. The entrepreneurship that is required here will hopefully bring out the design skills of these architects to match the economic opportunities that have been established.

Possibly one of the most important or at least most publicized architectural occurrence has been the outspoken criticism of Prince Charles. His academic background and knowledge about architecture have been discounted, but his unrelenting focus on architecture has been remarkable. He has become a mouthpiece for popular sentiment because of his popularity, and his criticisms have found sympathy.

What is not important is the Prince's knowledge of architecture; he is fully capable of informing himself. What is important is that he has challenged the architectural community to respond to his particular criticism.

Architecture has been made a public issue, and that can only be a good thing for architecture. This was quite evident in the debate about the National Gallery, but it is odd that an American architect with a reputation for being irreverent and a prankster is the winning architect.

The architects must define their response the Prince Charles and the public opinion and taste that he has started to represent. There have been many times in history when there has been a division between a popular style and proper style. But in these Thatcherite times of economic change and changes in architectural thinking, it is important that a steady challenge be presented to the architectural profession, a challenge to surpass the architectural achievements of the past.

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YOUTH IN THE THATCHER ERA
by Harry Phibbs

It is no accident that the Thatcher era has been coupled with the era of the Yuppie. Just as the radical programme of policies which the Government has implemented has introduced a new word to the English language, Thatcherism, so a name has been coined for a new generation who have eagerly taken advantage of the opportunities which have opened up; the young upwardly mobile professional people or Yuppies.

When the term was first used it was referring to a relatively small, distinct group. They were the pioneers. There was no old boy network to help them -- if they wanted a good job they had to make it on merit. There was no house for them to inherit -- if they wanted their own home they had to buy it for themselves, usually starting on the ladder in an unfashionable area and unofficially letting out rooms. While the chattering classes sneered the Yuppies have held to their aspirations for a better life. They want to enjoy ownership of capital and property for themselves and in due course for their families while doing work which enables them to stretch their full potential rather than the monotony of manual labour that their forefathers endured. Unlike some who complain over the tough competitive environment which characterizes Thatcher's Britain, the Yuppies revel in it -- they ask for no special favours and make no apologies.

Neither could they any longer be classed as a small group, the ambitious mentality is now the norm amongst young people in Britain. Furthermore, the repercussions have been widespread, for example affecting leisure and social preferences as well as the choice of the career.

A number of interesting points were covered in the highly extensive Mintel Special Report on Youth Lifestyles. The Report was published last year and consisted of several surveys Mintel carried out amongst young adults defined as aged 15-24 with samples of over 1,000. It found that horizons are widening. The resentments and envy of the old class system are giving way to more positive, American-style attitudes to affluence. As Mintel comment, 'the sustained economic growth of the past few years and the emergence of the enterprise culture have played a large part in underpinning the new consumption and success ethic.' Interestingly, 'the aspirations of the unemployed young are much the same as their employed counterparts.'

Young people, the survey finds, have no hang-ups about enjoying the taste of the good life. They seize opportunities in today's meritocratic society which were not accessible to their parents and grandparents. In many ways the young are more sophisticated

and cosmopolitan than their parents. They are more at home with technology and automation.

Television is watched relatively little by the young. This perhaps indicates that they have less patience than their elders with the lack of choice and quality. The advent of cable and satellite may have some effect in reducing this disparity. Young people are also more likely to use video recorders, which may show that they are more particular than others about what they view. Contrary to general belief, a growing number prefer reading books to watching TV. Those who listen to the radio show a clear preference for commercial radio over the BBC.

Eating out is an example of how the young have more adventurous tastes. They are very much more likely to eat Indian, Chinese and Italian food than the rest of the population. Although pubs seem to be enjoying a revival amongst youth, they face far more demands from the young for such facilities as live music, games machines and pool tables. The pattern of formal meals amongst the young has become less rigid; they tend to eat as and when they are hungry.

When shopping, the young spend more time browsing and spend on a wider mix of things than their elders. With a consumerist mentality they clearly enjoy shopping. Aesthetics seem to rate higher with the young than the rest of us. Mintel describes this as 'their greater visual literacy and the importance placed on image, style and music in defining identity.' Young women are far more likely than older women to use cosmetics and significantly more stereos are bought by the young than by the population as a whole.

Fashion and pop music retain their central importance to youth culture but there is evidence that tastes are becoming more diverse and individualistic. 32% said 'I adapt new fashions to my own style', 23% thought it 'totally unimportant', 14% said they 'made an effort to copy new looks and ideas from magazines'. There is far more concern with developing an individual image than conforming to any standardized 'youth look'.

With regard to music, 60% said they 'most closely identified with' Chart or pop music, and only 10% opted for punk or soul. Only small percentages preferred Heavy Metal, Hip Hop/House, Reggae and others. Far from showing that the young have largely uniform tastes, however, the results simply reflect the range of music available today. Even the more specialist types have made it in the charts, including Hip Hop (Mars with Pump Up the Volume and Krush with House Attack) and Heavy Metal (Motorhead, Whitesnake, Deep Purple and Van Halen).

Moral issues show a strong youth identification with traditional family values. 50% would like to be described as 'sensible and responsible' only 10% as 'wild and unpredictable'. Promiscuity seems to be out of fashion, 81% agreeing that 'there are a lot of dangers attached to sex'. Most said they had had no more than one

sexual partner in the past year. Mintel hope that the 'new celibacy will not herald the death of romance, but a return to the pleasures of flirtation and courtship'. On homosexuality most young people take a more 'old fashioned' view than their '60s generation parents. 39% thought that homosexual men should not be allowed to teach in schools. In this post-feminist age women who want to pursue business careers tend to get on and do so, rather than moan about 'sexist oppression'. One consequence has been that they are marrying later.

What comes across most strongly of all is that young people want to belong to society and be treated as adults. Mintel warns advertisers that they are 'unlikely to respond well to approaches that they regard as patronizing' -- advice also to be heeded by politicians who see them as an interest group to buy off. Any notion of youth solidarity is dead. There is now 'a far greater emphasis on individual achievement'.

What of the future? Mintel could find little sign of a major upheaval in prospect 'such as occurred with the punk movement in the seventies'. On the contrary they anticipate individualism, consumerism and family values all being entrenched amongst the youth of the nineties.

The Wrangler survey

Further interesting information on how youth attitudes have developed in the 1980s comes from a recent Gallup survey sponsored by Wrangler jeans. Most young men would like to wear suits and almost 90% of girls wear, or would like to wear, designer clothes. Most girls said they dress to be elegant and feminine. Punk, the survey confirms, is dead and buried.

Young people today tend to be a pretty clean living group of the population. Three quarters of young people don't smoke and only 2% said they had tried hard drugs. More than two thirds of young people said they would not sleep with someone on a first date and only a fifth thought marriage was an outdated institution. The survey found a solid patriotism amongst Britain's youth. Most said they would be prepared to fight for their country in the event of war.

Another Gallup survey, for Walls Ice Cream, also published recently, detected clear Thatcherite tendencies among school children. The 14-16 age group is less locked into the pocket money hand-outs dependency culture than in the 1970s. They are going out and earning the money for themselves in their spare time. Paper rounds are still the most popular way of doing this (though supplement fever has made this a rather onerous task at weekends).

Other popular ways of boosting the spending power of the young consumers include baby-sitting and taking Saturday jobs in shops, gardening or washing cars. As a result of this enterprise the 14-16 year old age group are estimated to have had an increase in

their take home pay of 123% last year alone. This must be the fastest growth in income for any age group in the population, and the trend is set to continue. Even with the abolition of the 'Earnings Rule' for pensioners it is difficult to envisage them obtaining a higher percentage income growth than the school age entrepreneurs. The Gallup survey also confirms earlier findings on the changing aspiration of school leavers. In 1979 two thirds gave 'public service' as their career preference, now this proportion is down to 10% and the largest single preference is for starting a business -- which is the stated ambition of about a third of school leavers.

The youth vote

The changes in youth attitudes have consequences for the political parties. As the baby boomers of the '60s reached the electoral rolls of the '80s politicians from the main parties have understandably shown signs of courting the youth vote. However, often this has been done in a way which fails to appreciate the sophistication of the new voters. The outstanding example of crassness was Labour leader, Neil Kinnock's appearance in a pop video with Tracey Ullman. Despite Kinnock being twenty eight years younger than his predecessor, Michael Foot, despite devoting considerable resources to 'Red Wedge' giving sympathetic pop stars a chance to voice their support for the Labour Party, the young still ended up voting for Mrs Thatcher. Although in the two general elections of 1974 the proportion of young people voting Conservative was markedly lower than the population as a whole, in the three general elections held since Mrs Thatcher became leader of the Conservative Party this discrepancy has ceased.

This may not be entirely due to the young having changed. A political party which offers radical change, with a clear vision based on firm principles and stressing the importance of individual liberty is likely to stand a better chance of capturing the enthusiasm of the young than of those comfortable in their bad habits and vested interests. The bland Conservative appeal to 'men of goodwill and moderation' in 1974 hardly matches the dynamism of the Conservative message under Mrs Thatcher.

One mistake which is often made about young people is to assume they are less patriotic than the citizens of a country as a whole. Although the Campaign for Nuclear Disarmament may have got young people in their thousands marching on the streets, it was young people in their millions which formed the silent majority of skeptics when Labour put forward its 'non-nuclear defence policy'. No section of the population could have had greater pride and excitement than the young when the Falkland Islands were liberated from Argentine occupation -- after all, the mission was accomplished by representatives of Britain's youth.

This reaction was not, in fact, surprising. Young people got a reputation for sympathy with appeasement left over from the 1960s but even then it was inaccurate. For example, support for

intensifying the Vietnam War was consistently greater amongst the under thirty-fives than the older age groups and this was within a population which, as a whole, firmly backed the American intervention. President Johnson's popularity rose whenever he gave a sign of getting tougher - far more Americans being critical of him for doing too little than for doing too much.

Jobs for youth

Probably the greatest source of hope that opposition parties held out for capturing the youth vote was the high level of unemployment affecting most severely those coming onto the labour market for the first time. Yet even amongst the young unemployed, Labour failed to make a breakthrough in terms of votes. With the falling trend in the unemployment figures this potential base for exploiting discontent is, in any case, diminishing. Many of them have voted Conservative out of consideration for their long-term interests and doubts as to whether Opposition parties would be able to deliver their promises to shorten the dole queues. Furthermore, a significant proportion of those officially unemployed are working in the black economy and therefore could be expected to identify with the enterprise culture.

It is interesting to note the decline in potency the issue of unemployment has had in recent years. In 1972 when unemployment reached 1 million huge marches and violent protests followed, in December 1980 when unemployment reached 2 million there were still quite a few demos. Since around 1982, however, there has been a minimum of protest. Perhaps that is because the unemployed have become justifiably cynical that trade union leaders and Socialist politicians who promise the new Jerusalem are false prophets -- or perhaps it is because these days 'unemployed' youth are too busy cleaning windows to go on marches.

Many unemployed people are pushed into working in the illegal black economy (which is booming and already amounts to 7.5% of GDP or £20 billion, according to Inland Revenue estimates). Many others face the depressing reality that they are paid more money by the State for not working than they could get for low paid employment (which starts being taxed at ludicrously low levels). To stigmatize the unemployed as scroungers is therefore quite unfair. It is entirely rational not to work if you are worse off after all the effort of a full-time job.

The system is to blame -- not the individuals concerned. So the solution to unemployment is not to end Thatcherism but to apply it more rigorously, accepting that the young unemployed will act rationally to maximize their economic advantage. There is no reason why they should not realize the same ambition as their more successful peers. One approach would be further reductions in regulations and taxation to reduce the advantages of working in the black economy. Another would be to introduce 'workfare' thus eliminating the outmoded concept of 'something for nothing' dole payments.

In Britain before 1979 there were already plenty of rags to riches stories. People started up as barrow boys to finish heading multi-million pound business empires. That accomplishment is the nature of the free market economy, even one such as Britain's which had become increasingly fettered by State intervention. What has been noticeable about the Thatcher era is not simply that people have been able to make it but that they have done so at such speed. The success of entrepreneurs still in their twenties has proved phenomenal. Fashion designers, Estate Agents, Restaurateurs...the occupations are diverse but the message is the same. By acting as role models they help to ensure that this trend gains momentum.

Outmoded institutions

For an age where the individualism of youth has never been more apparent the continuance of institutions whose purpose is the furtherance of some common 'youth view' seem outmoded, patronizing and to most young people irrelevant. The clearest example of this is amongst students. During 1988 the 'aging hippy' generation wallowed in nostalgia for 1968, the year of student revolution. Channel Four were, of course, generous in indulging this unhappy group of people with an endless stream of pretentious documentaries asking people what it 'meant' to them. This was the era when self-appointed student and youth 'leaders', usually from spoilt middle-class backgrounds, were most vocal in demanding the overthrow of the established order.

For those who have grown up in Thatcher's Britain it is rather difficult to summon up much enthusiasm for the supposed 'idealism' of the 1960s which in tangible terms seems to have meant the demonstrations supporting American defeat in the Vietnam war. Student protests in the name of 'freedom' broke up meetings of those they disagreed with and organized occupations to disrupt college life. This intolerance towards open enquiry represented a serious assault on true academic freedom.

The student climate is certainly very different these days. In a sense there has been a student revolution as the left, who enjoyed such ascendancy in the battle of ideas in the 1960s, are now viewed contemptuously as discredited and old fashioned by most students. In the 1980s it is Thatcherism which attracts the radicals, vibrant with new ideas. This intellectual turn around is grudgingly acknowledged even by many on the left.

Despite this intellectual change the student union structure remains intact, thus providing a life support system for those who without that power base would have faded into insignificance. When the general public see noisy student sit-ins and demonstrations on their television screens how many of them realize that they, as taxpayers, are paying for the mobs to be organized? Student unions cost over £40 million a year.

Both the National Union of Students and local student unions have operated in a time warp so far, cocooned from the political

changes the Thatcher decade has brought. A few agitators have disrupted academic work with the occasional protest and visiting guest speakers have been periodically prevented from gaining a fair hearing. Propaganda is still churned out on nuclear disarmament, Northern Ireland, feminism and South Africa. But less and less notice is being taken. Attendances at Union General Meetings frequently fail to rise above double figures, even in colleges with 5,000 or more students.

It is to be hoped that the Government will adopt measures to update and streamline expensive student union structures. The money presently spent on student unions could be reallocated to the students themselves, about £40 a year each. Individual students could then choose whether to spend all or part of this extra money they have received on a subscription to a voluntary student union. If valuable services are offered, then no doubt many will choose to join. The privatized student unions will, however, need to adapt to the new breed of student in Thatcher's Britain. Someone more concerned with enjoying life and finishing with a qualification than going on demonstrations and sit-ins.

Just as outmoded as NUS is the rest of the 'Youth Industry' -- the British Youth Council, National Youth Assembly, National Youth Bureau, the United Nations Youth Council, etc. These groups all receive taxpayers' money and are all ignored by the young people for whom they claim to speak. They make forlorn efforts to politicize Youth Clubs but fewer young people bother with Youth Clubs these days, anyway.

Yet the youth industry has been hard at work presenting a false picture of how young people have fared under Thatcherism. Images are portrayed of downtrodden, pessimistic students and other youths. This simply does not square up to the true overall position. The endless demands for youth representation, a Ministry of Youth, International Youth Year, etc., etc., may fit the ideals of the '60s, but they have seemed terribly antiquated in the '80s.

This change in attitude has implications for how the political parties should best run their own organizations. The value of having separate sections for youth will become increasingly questionable as more young people choose to join the main party rather than be lumbered with a 'youth identity'.

As Noel Malcolm has reflected in the Spectator 'the new Thatcherites who are trying to take over the Young Conservatives have the avowed aim simply to turn the youth wing into a campaigning wing for the whole Party which will concentrate on promoting the entire range of Government policies.....The only threat they pose in the long term is to the whole idea of having a separate youth movement. If you are going to campaign on behalf of the grown ups, why not join them in the first place? There are many old party hands in the Labour and Liberal Parties who would say "amen to that"'

The polite generation

One charge levelled against the new breed of young person in Thatcher's Britain is that they are boorish. This is a claim usually made by those resentful of the newly self-confident young -- those who make no apology for ambition and success. Terms such as 'lager louts' and 'loadsamoney' have been used to describe them. But what is the reality? Far from breeding an inconsiderate 'me, now' mentality, the free market stresses that success comes through satisfying the wants of others.

Good manners are a natural lubricant to the 'putting the customer first' philosophy on which Thatcherism is based with its ideals of consumer sovereignty and voluntary exchange. It is the Nye Bevan generation, today's 60-70 year olds, that pose the main problem having developed a welfare state mentality of expecting everything to be done for them as a right. Having become conditioned to dealing with dreary, hard-faced bureaucrats they have ended up ill-tempered and inconsiderate themselves.

This phenomenon has been observed by the Rev. Ian Gregory, founder of the Polite Society, who has said: 'Bad manners is not a disease of the young. Most of the complaints to the Polite Society since it was launched two years ago have been about petulant, peevish, perverse pensioners. A survey among members and friends confirms the impression. Accolades for polite and considerate behaviour go mainly to charming, kind and well-behaved young people. "I gave up going to one shop where there was a grim-faced middle-aged woman in charge and now use another where the youngsters smile and couldn't be more helpful", said one letter from Bournemouth.'

Horror stories of Bevan's brood in Post Office queues and on coaches to the sea-side followed. In conclusion the Rev. Gregory remarked, 'I have never known young people to be more sensitive, kind, tolerant and wise. Rapidly approaching my sixty years now, I am ready to learn from most of them.' These judgements are, of course, generalizations but more valid than those about 'lager louts'. If there is a boorish bulge it is not the 18-25 year olds but the 60-70 year olds.

Conclusion

Shortly after Margaret Thatcher was elected leader of the Conservative Party she visited the USA. During that tour she said 'There is a saying in the Middle West of the United States of America: "Don't cut down the tall poppies -- let them grow tall". I say: "Let our children grow tall -- and some grow taller than others if they have it in them to do it." We must build a society in which each citizen can develop his full potential, both for his own benefit and for the community as a whole; in which originality, skill, energy and thrift are rewarded; in which we encourage rather than restrict the variety of human nature.'

Well, Thatcher's children have grown tall. For previous generations young people may have been part of the problem but through the '80s they have been part of the solution.

CHANGES IN POLITICS
by Robert Worcester

The Decade of Revolution has been a decade of change: change in the composition of social class, change in housing, change in share ownership, change in trade union membership, change in industry and change in politics.

THE THATCHER REVOLUTION

Class is important to an understanding of Britain, the British and to politics in Britain. Over this decade of the eighties the social categorization of the British has endured greater change than in any other decade in Britain's history. When Mrs Thatcher first took office in May 1979, one-third of the public were in the middle (ABC-1) social class and two-thirds were in the working (C2DE) social class. A decade later, four in ten households are middle class, and six in ten working class -- in political terms a 'swing' of seven per cent in the period of the Thatcher revolution.

Housing has represented another part of the Thatcher Revolution over the decade. Mrs Thatcher's principle plank in her first term programme of structural change was the sale of council houses to sitting tenants, and for tenants with significant tenure, at deep discounts. The degree to which this policy was successful is illustrated in the 16% swing over the period, from just over half the public (53%) home-owning in 1979 when Mrs Thatcher took office to two-thirds (68%) by 1988. Most homeowners are middle class, but a third of DEs, unskilled manual workers, are homeowners as well. It was not lost on the Prime Minister that while Labour had a 25% lead over the Tories at the 1983 election among working-class council tenants, the Tories had a 21% lead among working-class home buyers. Indeed, in Thatcher's Britain home ownership is a better predictor of voting behaviour than class, although the two are of course correlated.

Another main tenet in the Thatcher programme of structural change has been the privatization programme which has taken share ownership from the bottom of the Western league tables to very near the top: from 7% of the public when the Government changed hands in 1979 to over 20% now, a 15% swing; and among trade unionists, from 6%, a point less, to 22%, two points more.

Mainly as a result of the privatization programme, there are now a million fewer workers in the public sector than when Mrs Thatcher first took office. Public sector employment at the beginning of the Thatcher era was 29% and is 26% now, a 3% swing.

Many more will be crossing over to the private sector in and after the Thatcher third term as a result of the privatizing of steel, water, coal, electricity and the railways.

The steady Duke of York's march of trade union membership, from 24% of adults up to 30% -- over 13 million members during the Wilson-Callaghan years, was reversed when Mrs Thatcher's trade union legislation took effect; trade union membership over the decade swung back 8%, to 22%, fewer than 10 million members now.

The structure of the trade union membership has changed as well, with the trade union movement now significantly more female, younger, and more middle-class than a decade ago. There has been an 8% swing to women, and towards middle-class members, a 9% swing away from the cloth-capped 'old friends' of the sixties and seventies, and, mark these swings:

- * a 16% swing to shareowning among trade unionists
- * a 30% swing to home owning, and
- * a 50% swing among trade unionists to being on the 'phone.

People then and now believe that 'Trade unions are essential to protect workers' interests' (88% both then and now), but while seven in ten people in 1978 believed that 'Trade unions have too much power in Britain today', now only a third (31%) do.

One factor in all of this has been the massive destructuring of British industry over the period. In Labour's last full year of power, 1978, unemployment stood at under one and one-half million. During the Thatcher years it rose to over three million, and nearly 12% of the adult population were unemployed. Over the past two years the unemployment figures have steadily fallen, and there are now fewer than three million, or under 10%, unemployed.

THE RISE AND FALL OF THE SDP

Who now remembers that just seven years ago Mrs Thatcher was the least popular Prime Minister in British history? In the Autumn of 1981, only 25% of the public were satisfied with Mrs Thatcher's performance while 62% were dissatisfied.

The main thing that must have kept her going at the time was that the Labour leader, Michael Foot, with only 18% satisfied with his performance, was the least popular party leader in British history. The Tories were three points ahead of Labour in 1978, which would have produced a hung Parliament then it had been replicated at the general election in most observers expected to be called in 1978. But it was not, and in June 1979 Mrs Thatcher led the Tories to a 45% to 38% victory over Labour.

Labour under Callaghan actually led the Tories in 1980, but then came the Wembley Conference, the Healey-Benn Deputy Leadership contest, the Limehouse Declaration and the split off of the 'Gang of four' to found the Council for Social Democracy which then

evolved into the Social Democratic Party (SDP).

The Alliance soared to peak at 44% in the Autumn of 1981 as Labour and the Tories sank to 27% each. The skepticism of the critics (mainly supporters of the Conservative and Labour Parties) about Britain's new Social Democratic party turned increasingly to apprehension, and in some cases fear, as the party turned the well-publicized support reflected in the opinion polls into electoral success.

In July 1981, Roy Jenkins, the senior member of the 'Gang of Four' who led the new party, managed to turn a 9% Liberal share of the Warrington vote at the 1979 General Election into a 42% share at the Warrington by-election, standing as the candidate for the Social Democratic Party (with Liberal support). The Labour candidate, Doug Hoyle, standing in place of Sir Thomas Williams (whose appointment as a circuit judge precipitated the election) saw a 10,274 Labour majority slashed to 1,759 in what was previously considered one of the safer seats in the country.

In the Croydon North-West by-election in October 1981, Liberal three-time loser William Pitt succeeded in winning a 3,254 majority for the Liberal party in alliance with the Social Democrats, in a seat previously held by a Conservative with a 3,769 majority over Labour. It was a particularly notable win for a candidate who had failed to gain the one-eighth of the votes cast necessary to save his deposit in May 1979.

And in late November of that year in Crosby, a 'safe' Tory seat with a majority of 19,000 at the General Election, fell to the SDP's Mrs Shirley Williams, again in alliance with the Liberal Party. Thus in three quite different psephological tests, the new Alliance performed remarkably well and remarkably consistently. Clearly, rumblings in the electorate were felt even above the foundations of 10 Downing Street and heard above the din created by the fight in the Labour Party.

Following the launch of the Social Democratic Party in March 1981, the national opinion polls showed a gradually increasing level of support strengthened by the alliance with the Liberal Party. The Liberals traditionally commanded a far higher level of support from the British electorate than their 11 out of 635 seats in the House of Commons suggested. In the February 1974 General Election the Liberals did exceptionally well to win 19% of the vote, yet this only gave them 14 seats. In May 1979, with 11% of the popular vote, they won just 11 parliamentary seats.

With the Social Democrats' determination to 'break the mould of British politics', both the Liberals and the SDP had a mutual interest in instigating a constitutional change to introduce proportional representation in British elections. In addition to that overriding ambition, both parties' commitment to remaining members of the European Community, support for NATO and similar analyses of the ills of the British economy made them natural bedfellows. With each party determined to retain its separate

identity, the extent of agreement between them was startling despite the obvious newsworthiness of perceptible cracks in the alliance. The SDP, and the alliance, had an extraordinarily good press, and led many a critic to label the party as a media creation.

To some extent these critics were right. From the start, the SDP called on the services of professional public relations advisers to ensure the success of their launch; this obviously penetrated to how they treated the media. In a country battered by economic recession many people responded to the optimistic and confident tones of the Social Democrats as the best hope for recovery. The argument that the two-party system reduced British politics to a battle between two entrenched ideologies with nothing new to offer Britain, was one many Britons, anxious for a scapegoat (or clutching at straws?) found easy to embrace.

The party clearly attracted many previously politically inactive people to swell its ranks as well as former supporters of the two old parties. A survey of 376 delegates to the London conference of the SDP in October that year showed that 58% of delegates had never been a member of a political party other than the SDP before and 85% had never stood as a candidate for a political party in either a local or national election. Many, probably most, of the (roughly) 51,800 members recruited in the first eight weeks after the party's launch must also have been previously inactive politically. Its membership stood at about 70,000 at the end of its first year.

To say that the Social Democrats are a media creation was, however, something of a trivialization of its by-election and indeed local election achievements. The new party took every opportunity to use the media to its best advantage and the newsworthiness of the Party meant the media and the SDP had a mutual interest in reaching even larger audiences.

But this could not have happened if the new party had not already been well equipped for the launch. The 'gang of four' had all previously been cabinet ministers in labour Governments of the 1960s and 1970s. Besides having had experience of government at a very senior level, three, at least, were also well known and well regarded among the British electorate. Their ministerial experience enhanced both their own credibility and the credibility of the new party they had set out to establish.

However, the success of the new party and the alliance with the Liberals probably owed more to the decline in support for the two parties which dominated British politics for over half a century than to any other factor. Two and a half years into their administration, polls showed the Conservative Government had lost nearly half the support it had at the time of the 1979 General Election; satisfaction with the performance of the government was almost at its lowest point since its election; and satisfaction with the way Mrs Thatcher was doing her job as Prime Minister was little better. The decline in her own and the Government's

popularity was gradual, but largely consistent, since the Spring of 1980.

Neither did the Labour Party present itself much more favourably to the British public. Satisfaction with Mr Foot as Leader of the Opposition was then even lower than with Mrs Thatcher, and his popularity showed a similar decline from the Autumn of the previous year, when he took over from Callaghan.

Meanwhile Liberal Party leader David Steel was the only one of the three main party leaders for whom more electors expressed more satisfaction than dissatisfaction -- indeed, in October by a substantial net +20%.

The Labour Party's internal battles regarding the deputy leadership, and concern with its constitution rather than with the main issues facing the country, probably had much to do with the Party's poor showing in the opinion polls. At the same time many people who turned from Labour in May 1979 and voted Conservative were probably reluctant to return if they could find no strong reason for returning to the Labour fold.

The rise of the SDP/Liberal Alliance, then, owed much to the poor image of the other two main parties in Britain, and of their leaders. In one important respect, however, the SDP/Liberal Alliance's popularity was enigmatic. Normally one would expect a party or alliance which is ahead in the polls, and capable of winning by-elections, to be seen also as the party with the best policies, especially on the issues of most concern to the electorate. The evidence in the polls at that time was that this was not the case.

A MORI poll in Croydon the week before the October by-election showed that only 6% of the electorate believed the SDP had the best policies on unemployment, 8% thought the Liberals did, 14% the Conservatives and 41% Labour, yet this was the issue considered by a huge majority to be the most important facing Britain. Inflation, the second most important issue, found 27% who felt Labour had the best policies, 25% the Conservatives, yet only 7% the Liberals and 6% the SDP. The poor standing of both the Liberals and SDP was similar for all the other issues considered, ranging from the Common Market to education and public transport. At Crosby, the week before that by-election, a MORI poll showed that electors felt the Conservatives had better policies than the SDP on the major issues -- yet the SDP won the by-election.

Although the SDP was founded on a commitment to certain policy stances -- particularly continued membership of the Common Market, support for NATO, and proportional representation -- it was found that many of its supporters were opposed to these positions.

The SDP's commitment to consultation with its membership on policy (and constitutional issues, such as how to elect its

leaders) meant the electorate had to wait until well into the following year before finding out in detail the policies on which it was to stand. The Party's leaders issued some statements on the kind of policies -- particularly in the economic field -- they thought the Party would support.

The close alliance with the Liberal Party, whose policies had been developed over many years of opposition, did give the electorate some indication of the sort of policies the new party was likely to support. Nonetheless, it was difficult not to conclude that support for the SDP was based more upon despair with the failure of Labour or conservative policies to deal with Britain's problems than on any detailed appreciation of policies the new Party was likely to pursue.

The Conservative Party had traditionally been the party of the middle classes -- the managers, teachers, professional and white-collar workers -- while Labour appealed most to the working classes -- the blue-collar skilled, semi-skilled and unskilled workers. With the middle classes then comprising only a third of the electorate, the Conservatives had to rely on winning a substantial proportion of the working class vote to ensure their return to office.

Detailed analysis of opinion polls from the time of the two previous general elections, in October 1974 and May 1979, showed the extent of the electoral damage done to the Conservative and Labour Parties. It was the massive swing of both the skilled and semi-skilled working classes to the Conservatives between the two elections which gave the Tories a comfortable 44 seat clear majority in the House of Commons in 1979.

Whereas in October 1974 the Conservatives had only 26% of the skilled working class vote and 22% of the semi/unskilled vote, by May 1979 these figures had risen to 41% and 34% respectively, with both the Labour and Liberal parties suffering significant declines. Paradoxically Labour's loss of 8% of working-class vote contrasted with an increase of 5% in its share of the middle-class vote. The Conservative gains were particularly marked among the new voters. Their share of the 18-24 year old vote in 1979 had increased by 18% (from 24% to 42%) between the two elections, mainly at the expense of the Liberals.

The decline in Conservative support after their victory in May 1979 was not just the result of a swing of these groups away from them. There was a desertion of some 17% of the working classes and 22% of the 18-24 age group, including four out of every five semi-skilled and unskilled working-class respondents in this age group. But they also lost a substantial amount of support among the middle-classes -- decline of 14% -- and all other age groups ranging from 11% of those 55 and over, to 18% of 25-34 year olds, and 19% of 35-54 year olds.

The rise in Alliance support meant that the Labour Party failed to regain its 1974 (40%) share of the vote and its 1981 level of

38% represented no net overall improvement since the May 1979 general election.

However, the detailed analysis showed this 'no change' presentation to be a misleading one. Labour had, for example, more than won back the support it lost in some groups, gained support in others and lost ground to the new Alliance in still others. With a 48% share they were particularly successful in winning back the young (18-24) vote, especially that within the working class. Their middle-class gain in the 1979 election was almost wiped out but compensated for by a 3-4% gain in the somewhat larger working-class vote. While Labour's 3% gain among the middle-aged (35-54) reflects only a working-class swing, the decline in support among older voters (over 55) applied to middle-class and working-class respondents, men and women.

These findings clearly indicated that the SDP had not arisen merely as a result of straight switching of votes from an unpopular government, but succeeded in drawing substantial (nearly equal) support from both of the major parties.

Although past voting recall is known not to be a totally reliable measure of actual voting in previous elections, it did give a broad indication which can be used to analyze the sources of current party support. A MORI poll in September 1981 showed that ten percent of those who said they voted Labour in 1979 said then they would vote Social Democrat, and three percent said they would have voted Liberal, compared with one percent who had switched allegiance to the Conservatives.

The MORI survey among electors in Warrington just after the by-election showed that an astounding 60% of those who said they had previously voted Conservative had switched their allegiance to the SDP; this resulted in the Conservative losing his deposit, winning only 7% of the vote. Of those who said they had voted Labour in 1979, just under a third (29%) switched to the SDP -- an almost equal loss in terms of number of votes.

A poll conducted by MORI in the two days preceding the Liberal/SDP alliance victory in the Croydon North-West constituency showed votes coming equally from Labour and Conservative. Nearly a third of those who said they had voted Conservative (31%) and Labour (32%) in 1979 had switched their allegiance to the Alliance candidate.

The by-election in the 'safe' Conservative-held seat of Crosby showed substantial desertions from those claiming to have voted either Conservative or Labour in 1979. The Alliance won 35% of Conservative support and 62% of Labour support, a mirror image of the 'safe' Labour seat of Warrington.

The shift of support to the Social Democrats was interpreted by some observers as yet more evidence of the breakdown of class as a major determinant of British political allegiance. Not only had the working class vote, in particular, become more volatile,

but the willingness of electors to identify with a particular social class has declined markedly over the last two decades.

A MORI poll in May 1981 showed only 29% saying they thought of themselves as belonging to a particular social class, compared with 50% who did in 1964 (Political Change in Britain, Butler and Stokes, 1969). Furthermore, only 15% of the total thought of themselves as working class, fewer than half of the proportion in 1964. For Labour, this was bad news. At one time simply being 'working class' was a sufficiently good reason to vote labour.

With the Government's monetarist policies increasingly criticized by its own ministers and backbenchers as well as the press, and the Labour Party preoccupied with its internal struggles, the Alliance was given a clear run and plenty of opportunity to woo the electorate. Up to then the media was sympathetic, but this changed over time.

The Alliance (as mentioned earlier) peaked at 44% in the Autumn of 1981 as Labour and the Tories sank to 27% each. This was triple the 14% share of the vote the Liberals received in the 1979 General Election. The new Alliance lost half of their gain in the early months of 1982 as squabbles over Party leadership, candidate selection and determination of policy stances took their toll. A poll published in the third week of March showed that the Alliance share had fallen to 30%, and on the 2nd of April President Galtieri of Argentina's troops invaded the Falklands.

THE FALKLANDS FACTOR

From the first news of the landing of Argentinian forces on the Falkland Islands on April 2, MORI polled the British public's reaction to the situation almost every week. Ten polls were taken: a panel study of four waves for The Economist (and one wave for BBC's 'Panorama'); two separate polls for the Sunday Times; two more for 'Panorama' and one for the Daily Star. These followed a 'base-line' survey which was conveniently in the field at the time of the initial landing.

The war in the Falklands changed the face of British politics. The Alliance peaked following the Crosby by-election on 26 November 1981 when Shirley Williams became the SDP's first elected Member of Parliament. Then the Alliance slide began. By early April the parties were just about even with the Tories at 33%. By the time the war ended, the Tory share had soared to 52% by June 18.

Opinion polls were not the only measure of the political mood of the country. Just one month after the news of the Falklands invasion hit the headlines of British newspapers, local-government elections took place in Britain. These elections, largely a referendum on the performance of the Government of the day, customarily swing heavily against the party in power.

On that occasion, however, extrapolation of local government results to the national picture showed the Conservatives at 40%, Labour 31%, and the Alliance at 26%. Hundreds of seats that had been expected to go to the Alliance (especially in the South of England where the Conservatives had been running first, the Alliance second) and to Labour (especially in the North which is more urban and more pro-Labour) stayed Tory.

Two by-elections took place during the fighting. Both were expected to show Alliance strength. The Conservatives won both handily. The conclusion was unavoidable: the conflict was extremely good for the Party in power.

The public mood toward the handling of the Falklands War -- coming as it did totally out of the blue -- was initially one of cautious, wait-and-see support for the Government. The conflict started badly for the Cabinet with the resignation of Foreign Secretary Carrington and two of his deputies. As the crisis developed, however, the level of satisfaction with the way the Government handled the situation improved steadily -- from 60% approval in early April to 84% in late May.

It is often easier to know what opinion poll questions should have been asked after the fact than to know which questions should be asked at the time the questionnaire is developed. The base-line questionnaire for the panel was developed while British ships were steaming toward the Falklands, before the precise nature of the conflict was clear. To cover any eventuality, a series of should/should not questions was devised on 'whether Britain should take/have taken the following measures over the Falkland Islands situation'. These ranged from measures taken immediately, such as severing diplomatic relations with Argentina (71% agreed), banning Argentinian imports into Britain (84%) and freezing Argentinian assets in British banks (82%), to the roughly one-in-four of the British public who were hawkish to the point of wishing to intern Argentinian citizens residing in Great Britain (24%), bomb Argentinian military and naval bases on the mainland (28%), land troops on the Argentinian mainland (21%), and the incredible one-in-twenty who believed that the situation called for the use of nuclear weapons against Argentina (or Brazil, perhaps: as one lady put it, 'if we have to nuke Rio to regain the Falklands then we'll do it!')

Initially there was some doubt in the British public's mind about the importance of retaining British sovereignty over the Falklands if it resulted in the loss of British servicemen's lives (44% thought it important enough, 49% disagreed). There was even less enthusiasm if carrying the war to the Falklands caused the loss of Falkland Islanders' lives (36% yes, 55% no).

As the crises developed and the island of South Georgia was taken without loss of life, the answers to the conditional question turned from negative to positive, with 51% in agreement that the loss of servicemen's lives could be justified in the April 20-21

survey to 58% in the April 23-24 survey, then down slightly to 53% early in May after the first loss of life, and finally to 62% at the end of May.

This slight hesitation occurred at the time of the sinking of the Argentinian warship General Belgrano on 2 May by a British submarine with a reported 1,000 plus men on board. On 4 May, HMS Sheffield was sunk by an Argentinian Exocet missile and twenty British sailors lost their lives. Fieldwork was going on between the 3rd and the 5th May. An examination of the findings showed that the downturn in confidence was occasioned by the sudden loss of life -- that is, with the sinking of the General Belgrano, rather than the loss of British lives specifically. With the death toll rising into the hundreds, the late May findings showed that although nearly two-thirds of those questioned believed retaining sovereignty is justification enough for the loss of lives, 34% disagreed. This issue of 'proportionality' remained the hardest for polling questions to elucidate.

The most constant figure of all was concern about the issue of sovereignty. At the outset, just half (51%) of the British public said they 'care very much' whether Britain regains sovereignty over the Falkland Islands. The 'care very much' figure remained at about that level.

Throughout the conflict there were a number of proposals put forward for the solution of the Falkland Islands crisis. At the outset, one option -- that the Falklands should become Argentinian territory but be leased back to the British government for administration -- was favoured by 26% and opposed by 63%. In May, the figures had hardly shifted -- 23% in favour and 64% opposed. Other proposals included a joint Argentinian/British civil administration with America as overseer and islanders involved. More people opposed than favoured this proposal as well (49% to 39%). However, a majority (57%) in the early May panel felt it wrong 'to go to war then if the government was willing to give up the Falkland Islands in the long term'.

In a separate May 16 survey for the current affairs BBC TV flagship programme 'Panorama', the public felt that in any negotiation with Argentina over the Falkland Islands, the withdrawal of Argentinian troops should be insisted upon by the British government (90%); the Argentinian flag should be removed from the Falklands during negotiation (69%); full British administration of the islands should be restored immediately (70%); Argentina should recognize British sovereignty of the Falklands pending a final agreement (75%); and the Falkland Islanders should have the final say in any settlement (62%). But, a narrow plurality felt that 'it is not essential for Argentina to recognize full British sovereignty forever,' and a plurality were also in agreement that it was acceptable for sovereignty to be transferred to a United Nations trusteeship (51% to 43%).

By mid-May, the patience of the British war cabinet with the drawn-out negotiations process had worn thin -- and that of the public with it. Continued British attacks on the Port Stanley airfield, the failure of the Haig peace initiative, of the Peruvian plan and of the United Nations negotiations all led to a widespread acceptance of the inevitability of escalation of the conflict. When asked, 'If negotiations do break down, which of the following options on this card would you favour?', 59% of the sample were by then in favour of a full-scale invasion of the Falklands, and 34% even felt Britain should bomb military bases in Argentina.

During the time of the landing and as British losses mounted, some observers expected public support to begin to dwindle. In fact, the opposite occurred. By that time the Sheffield had been lost, Sea King helicopters had been ditched, Harriers had been shot down, HMS Antelope was sinking and scores of lives lost, but 80% if those polled thought on 23 May that the Government was right to go ahead with the landing on the Falklands. By that time, a majority (54%) felt that Britain should retain the Falklands forever; but a majority was also in favour of handing the islands over to a United Nations trusteeship (51% favourable, 43% against by 25-26 May). This overlap probably reflected a deep-seated conviction that victory was essential to restore British status and pride -- but that a subsequent compromise was inevitable.

The picture of the Falklands conflict conveyed by the polls organizations was perhaps predictable from previous instances of democracies engaged in 'just wars'. As in the early stages of Suez and Vietnam (and this is not an attempt to draw either a political or a military parallel), domestic support for both the war and the government prosecuting it tended to be high. In the case of Suez, it should be said, although opinion was eventually equivocal on the merit of the expedition, support for the Eden government and even for Eden himself remained high throughout. Although he subsequently resigned (due to quite genuine ill health), his Conservative Party went on to win a resounding election victory two years later. Mrs Thatcher's administration did the same a year after the Falklands war.

GENERAL ELECTION 1983

The Tories entered 1983 with 44% to Labour's 35% and the Alliance at 20%. Through the first four months the Tories floated around the 42-45% level, Labour 30-35% and the Alliance in the low 20s. Two by-elections enlivened the Spring of 1983. At Bermondsey in late February, in a Catholic, working-class, dockyard constituency, a left-wing local Labour Party put up a personally and politically unacceptable candidate whom the voters firmly rejected in favour of the Liberal. This caused a surge of Alliance support nationally at the expense of the Labour Party, although it proved short-lived when, a month later, a more appropriate Labour candidate overcame an early poll deficit to

defeat an ineffective SDP/Alliance challenger at Darlington.

Perhaps of greater moment was a steady rise in the public's view of the recovery in the economy. In the third week of January just 22% of the public said they expected the general economic condition of the country to improve over the next twelve months. By February the figure was 26%, in March 31% and by April 17-23 it was 36%. Calling the election on the 9th of May caught the flood tide.

What happened

There was a structural shift in the electorate that in nearly every case benefited the Conservatives, as reported in the introduction. More likely to vote Tory were middle-class voters, non-trade unionists, people living in the South of England and, especially, owner-occupiers.

Further, there were massive shifts of public support away from the Labour Party to the Alliance. In fact, the Conservatives actually lost share from the 45% level they had in May 1979. The 'breaking of the mould of British politics' did indeed occur, but not in the way the SDP hoped. Between 1979 and 1983 the Alliance added 12% to the Liberal 1979 base of 14%. Ten percent of these votes came from Labour and one percent each from the Tories and from 'others', mainly the Scottish Nationalist Party.

From the launch of the SDP, the Alliance had more support from women than men, middle-aged people rather than younger or elderly people, and middle-class rather working-class people. Yet the evenness of their support across the regions also tended to be mirrored in demographic analysis. Startlingly, the group among which Alliance support was strongest was middle-class women trade unionists -- the female members of NALGO (local government officers), USDAW (shop workers), BIFU (bank workers), ASTMS (scientific technicians), and so on. Indeed, among middle-class (white collar) trade unionists, then up to 40% of the British trade union movement, the Alliance was in second place after the Tories, pushing Labour, the 'party of the trade unions' into third place.

In Britain, the 'Gender Gap' traditionally favours the Conservative Party. Women are usually more likely, by some 5%-10%, to support the Tories than Labour, about half caused by women's longevity and the propensity of older people to vote Tory. Even in October 1974, when Labour had last achieved a majority, more women voted Conservative than Labour. For the four elections prior to 1983 women were a steady 2% more Liberal (or SDP) than men.

In 1979, the C2s were 'the battleground of the election' and swung more than twice as much to the Tories than the electorate as a whole. In 1983 they swung back not at all; in fact, C2s swung equally to the others. While in 1974 Labour had a 23% lead over the Tories among C2s, in 1983 the Conservatives led by 8%, a

swing of 15% over the decade. Among C2 women, the Conservative lead was 14% and among older C2 women their lead was 19%. They had the support of nearly half (48%) of older C2 women (and 39% of their menfolk).

The progress of the 1983 campaign

The first poll of the 1983 campaign was a phone-out, face-to-face interview, phone-back results, without the sending back of questionnaires for analysis. Our aggregate analysis of 13,926 respondents excluded this survey, as did the breakdown of our polls in the four weeks of the campaign. Thus our 'Progress of the Campaign' analysis began with the Alliance at their low point of the campaign, 15%, and ended up them up at 26%, an 11% rise. During the period the Alliance rose slowly at first among all groups, accelerating at the end of the campaign. Their rise was fairly uniform, least among people living in the Midlands (up 8% from 15% to 23%) and greatest among the middle class (AB-C1s) (up 13% from 15% to 28%). There was no difference in the Alliance share from the beginning of the campaign to the end whichever party's candidate, SDP or Liberal, was standing.

There was more shifting among the other major parties. Overall, the Tories lost three percent (47% to 44%), but among younger people, 18-34 age group, the Tories began and finished at the same place, having risen four points during the first two weeks and gone back down at the end. The Labour Party lost the 1983 campaign as no party has ever lost a campaign before, dropping eight points, from 36% to 28%, a quarter of its support, over the four week period. Labour's losses were greatest among younger people (-12%), council house tenants (-11%) and among C2s (-10%).

Election polls in Britain ask a two-part voting intention question. The first part asks people how they intend to vote, when usually between 20% and 25% of the British say they are 'undecided', 5-6% say they 'will not vote' and usually only 2% refuse to say how they intend to vote. Those who are 'undecided' or 'refuse' are then asked which party they are 'most inclined' to support or 'lean toward'. This second question tests not only the firmness of the electorate generally ('don't knows' usually rise in the early stages of a campaign and then drop towards the end) but also the relative firmness of support for each party. In the 1983 election the firmness for each of the parties was nearly equally firm, with the Labour vote, if anything, slightly firmer although of course from a smaller bed-rock base.

In addition to the two-part voting intention question MORI takes three other strength of feeling measures: 'certainty of voting', 'care about the outcome', and 'mind made up' or 'may change mind'. These 'strength' measures indicated how relatively weakly the young regarded the election, how the (resigned?) working-class did not care as strongly as did middle-class people about the outcome, and how relatively uncertain Alliance supporters were in mid-campaign about their support.

One always interesting analysis is the matrix of current voting intention by previous voting recall. Of course, memories are faulty and frequently half the people who voted Liberal at the last election forget they did so. On 2nd June, a week before polling day, of 1979 recalled Tory voters, 83% remained loyal, while among 1979 Labour supporters, only 64% were staying Labour, over three times as many moving to the Alliance (26%) than to the Conservatives (7%). Three-quarters of Liberals in 1979 said they would stick with the Alliance candidate; of Liberal defectors three times as many intended to shift to Mrs Thatcher (19%) as to Labour (6%).

Our recall survey of respondents first interviewed on 26th and 31st May and then re-interviewed on 6th-7th June showed clearly how little switching there was between the two major parties. The main erosion was from Labour, only 84% of whose end-May support stayed loyal; 13% of Labour's supporters went to the Alliance and only 1% to the Conservatives in the final week of the campaign.

Issues

Although from the beginning to the end of the campaign unemployment was expressed as the most important issue, the two issues of the campaign where the argument was joined were defence and disarmament, and the management of the economy/cost of living/etc. The interventions by former Labour Prime Minister James Callaghan and Labour's Deputy Leader Denis Healey drew attention to the defence/disarmament issues.

From before the campaign began it was clear that the Labour Party, while ahead on the unemployment issue, was not thought to have policies to reduce it that could be afforded. That unemployment was the problem was widely agreed; that Labour had affordable solutions was widely disputed, even by Labour's own supporters. Only about a third (36%) of the electorate thought Labour could succeed in reducing unemployment, and although this was twice as many as thought the Conservatives would cause the level of unemployment to fall (18%) the average expectation was that under a Labour Government Britain would have about three million unemployed in two years time and about four million if the Tories were returned.

During the course of the campaign, and immediately before, the Conservatives won the debate on defence: on 'one-sided disarmament' as they described it, and on the use of Cruise as a negotiating ploy and even Trident as the replacement of Polaris. Labour had the initiative six months prior to the election, with widespread public support for banning Cruise and cancelling Trident. By going too far, calling for abandoning Polaris and for unilateral nuclear disarmament, they drove away the breadth of their support. Labour Leader Michael Foot's insistence on returning again and again during the campaign to his long-time theme of unilateral nuclear disarmament may have been popular with his audiences of hundreds of Labour supporters, but it

turned off the millions watching him on television.

Another campaign theme thought by Labour to have public support was for leaving the Common Market. It was never shown by Labour how this could effectively be done and if Britain stayed in, Mrs Thatcher was the leader whom the public thought would get the best deal for Britain which was really what most electors wanted. Thus once again competence was the issue behind the issue.

The public did believe Labour's policies were to be preferred on the 'caring society' issues of National Health Service, social services and pensions. An effective ploy was the £58 week pension rise, as was Labour's attempts to focus the campaign on these issues. But just when they would schedule their press conference on one or another of these themes, one or another of their own goals would divert public attention.

Leadership

Mr Foot began the campaign with the lowest satisfaction scores any party leader has ever suffered. He was seen as incapable of controlling his party and incompetent as a potential Prime Minister. While widely respected as a nice person and regarded with affection by many Labour supporters, the young especially, few regarded him as a match for Mrs Thatcher on any of the qualities regarded as important.

Liberal Leader David Steel (+26%), even more than Mrs Thatcher (+9%), was regarded as having the best campaign. Dr David Owen, the new SDP leader (+7%) and Neil Kinnock, the likely new Labour leader (+6%), Denis Healey (+5%) and Mrs Shirley Williams of the SDP (+5%) were 'up' at mid-campaign (before Healey's 'slaughter' remark and Kinnock's 'guts' comment). The SDP leader Roy Jenkins (-5%) and Michael Foot (-29%) were the bottom of the poll.

Party image

Only the Alliance rose in the esteem of the British public during the campaign (+9%); the Tories lost ground (-15%) and Labour plummeted (-38%). The Conservatives loss was greatest among men (-22%), middle-aged people (-22%) and DEs (24%). Labour's image fell uniformly among men (-39%) and women (-39%), less with 18-24 year olds (-23%) and with DEs (-28%); the Alliance did better with women (+11%) and with 25-34 year olds (+18%).

1983-1987

Public support for each party remained static during the long hot Summer of 1983 following the election. The status quo, Conservatives at 44% (+/-2%), Labour 28% (+/-2%) and the Alliance 26% (+/-2%), was repeated in poll after poll until the replacement of Michael Foot as Leader of the Labour Party by Neil Kinnock at the Labour Conference in October 1983. At a stroke, Labour's share jumped nine points, to 37%, three points coming from the Tories whose support fell to 41% and six from the

Alliance, whose share went to 20%.

So it stayed until the start of the miners' strike in March 1984. Although the political journalists' collective wisdom is that the miners' strike damaged Labour, the figures do not bear this out. The 'Kinnock factor' held up through the Summer of 1984; in fact, Labour pulled even with the Tories that June, pulled three points ahead in July, and were back level pegging in August. But in September 1984, after the TUC Conference, the Tories again took the lead and this widened to eight per cent following a disrupted Labour Conference and the bombing of the 1984 Conservative Party conference hotel in Brighton, when the 'Thatcher Factor' took over once again.

The year 1985 marked the midpoint of the second Thatcher term, and the turn of the year saw the public's patience wearing thin on the miners' strike (a MORI poll for the Sunday Times showed 60% of the public thought the Government had handled the dispute poorly for the country as a whole and only 29% thought the Government had handled it well). The public's patience was also wearing thin on economic and social issues.

Confidence in the Conservative Government was shown to be waning. At the turn of the year:

- * 70% of the British public expected the number of unemployed to rise in 1985 (only 6% did not)
- * 59% expected the rate of inflation to rise (only 9% did not)
- * 52% expected their own standard of living to fall (19% did not)
- * 39% expected the number of strikes to rise (20% expected the number of strikes to fall).

A striking set of our findings were presented by the 'Weekend World' team in a television special to mark the anniversary of the miners' strike which showed a high degree of concern over the state of the nation. The same poll showed a two-to-one support for altering the government's course on economic policy and for adopting measures directly to create jobs even at the risk of higher inflation.

It also found 38% who said they faced the problem of not having enough money to make ends meet, 34% feared unemployment for their children, 25% who feared unemployment for themselves, and of two-thirds of the country who believed Britain was more divided (an overwhelming 80% thought the government should introduce policies aimed more directly at reducing divisions in British society).

This then was the scene that faced the political parties beginning their preparations for the next General Election two and a half or three years away. The Conservatives were firmly in office, if not firm in popular support; Labour was doing better in the polls than in getting their act together and the Alliance, although doing comparatively well in the polls, was under split leadership, was still squabbling over seats and policies, and was poorly financed.

The shire counties' local elections in May 1985 (London and other Metropolitan Authorities and Scotland were not involved) were widely misinterpreted. They were a disaster for the Tories, good for the Alliance (especially the Liberals, who had picked the prime seats), and very good for Labour -- showing that on those results in a general election they would have formed the government.

Labour's last election victory came under Harold Wilson in October 1974, over a decade before, when their 40% to 37% lead gave them a three-seat majority in the House of Commons (the Liberals were at 19%).

From that election there was a nine per cent swing to the Conservatives across their two election victories, plus a bonus from redistricting. This meant roughly, that a nine point swing to Labour from the 1983 election would be required for Neil Kinnock to become Prime Minister.

The concept of 'swing', the psephological tool developed by Dr David Butler to assist pollsters, politicians and pundits to compare political trends over time and between groups of voters, is calculated by taking the (Conservative) lead at one point in time, say the 1983 general election, from another, say the 1987 election's results, and dividing by two. In layman's language, a 'swing' of two per cent would suggest that two people in a hundred had moved from one party to another.

The MORI poll for the London Evening Standard in June 1985 showed Labour two points ahead: 35% to 33% with the Alliance at 30%. At that level, a one percent swing to Labour at the expense of the Tories would have put the Labour Party into power, whether that swing came from the Alliance taking Tory support away (say to the 32% level for the Alliance, dropping the Tories to 31%) or for Labour to attract only two out of a hundred Tories who were disaffected by what they saw as ineffective Tory policies causing further social and economic divisions.

The Labour Party was then seen by the public to have more of the better policies to solve the problems the country faced, especially on unemployment, but not, importantly, on having the policies to solve the economic problems of the country. Further, a calculation by Dr Gordon Reece of Bristol University showed that while only a 23% share kept Labour in second place, it took 32% for the Tories and a staggering, and some would say highly unfair, 40% for the Alliance to form a government. At 35% Labour could form a government.

The Conservatives were seen to have the best leadership, but their strength was thought a potential weakness if the long awaited economic miracle did not arrive soon. 'Time for a change' was thought to be a powerful election slogan to a country which had given a Government two full terms and was still awaiting a downturn in unemployment, promised tax cuts and

economic prosperity.

The Alliance needed a hung Parliament. Having two leaders was to become more and more of a liability as the election approached, and yet there was no way that a single leader could be chosen. Alliance policies were still ill-understood, their front bench spokesmen were largely unknown, some of their former well-known leaders had faded and the electoral system was working against them.

Alliance supporters were without strong commitment. Polls showed their supporters to be less committed to vote for them; many of their supporters preferred the policies of the other parties if not their leaders, (in the European Parliament election in 1984, 45% of people who voted for Alliance candidates favoured Britain getting out of the EEC despite the Alliance identification with strong European ties); and their supporters were nearly twice as likely to say they might switch to vote for another party than were the people who supported the two main parties.

GENERAL ELECTION 1987

The trends in the key subgroups of the electorate can be broken down and analyzed to show the effect of the election of Mrs Thatcher's Government for a third term -- where the Labour Party's efforts to persuade its potential supporters succeeded and failed; and where the decline in Alliance support took place. The graph on the more important geographic and demographic subgroupings which appeared in The Times on the Saturday following the 1987 General Election indicated significant changes in voting behaviour since October 1974, when Labour had last won office.

The winning combinations

Every group with the exception of Scotland showed a decline in Labour's share. With the exception of the 18-24 year old subgroup, every group showed an increase in Conservative support compared with when Labour last won power.

In Scotland, Labour's impressive showing between the 1983 and 1987 general election was represented by a swing of 7.5% from the Conservative share of the vote to Labour, which stemmed partly from a five per cent decline in Alliance support. If the Labour Scottish performance had been replicated in England, the result would have been a hung Parliament instead of Mrs Thatcher being returned with a three-figure (102 seat) majority.

The demographic subgroups were calculated from a base of 23,396 electors in Britain interviewed by MORI during the election, weighted to the actual outcome. The availability of such a massive database enabled us to estimate with reasonable confidence in the findings from relatively small groups within the electorate, such as young men and young women or working-class trade unionists and middle-class trade unionists.

Labour led the Tories by three per cent in 1974, but Mrs Thatcher reversed the Labour lead to establish a seven point Conservative lead in May 1979, realizing a five per cent swing. Rounding the swing calculations throughout to the nearest half percent, Labour's slight recovery, with a swing of 2.5% at this election, was the result of a 1.5% swing in England, 7.5% in Scotland and a five per cent swing from the Conservatives to Labour in Wales.

The decline in support for the Alliance parties was three per cent in England, five per cent in Scotland and six per cent in Wales.

Among men, the Conservatives gained an 11% share between October 1974 and June 1987 at the same time that the Labour Party lost 11%, a swing of 11% over the period. Labour's success in attracting men back to its cause was unspectacular -- only two points, while the Tories picked up one for a mere half point swing. Among women, a group targeted by the Labour campaign planners, they did better, nearly halving the Conservatives' 1983 lead of 20% to 11%, a 4.5% swing.

Another Labour target for recapture was the 18-24 year olds, and the Party's swing of six per cent was among the most successful of all. Labour's efforts in this respect were rewarded particularly among young women, where it reversed an 11 point Tory lead last time to an 11 point Labour lead in 1987.

The 35-54 age group turned out to be the most sterile ground for Labour's campaign, where the swing was only a half of one per cent and where a massive 13 point drop since 1974 still remains.

Labour cut back a 20 point deficit in 1983 to 15% in 1987 among the over 55s, who represent a third of the electorate, but they still had a 9% gap to make up to get back to their 1974 winning level with this powerful voting group. (Powerful because traditionally, pollsters have found that while the propensity to vote among 18-24 year olds is barely half, more than 80% of the 55+ cohort turns out on polling day.)

As with the younger women, Labour did better with older women than older men. The Alliance did better with younger women than men by substantial five per cent margin.

The middle classes turn out to vote on election day to a higher degree than do working-class electors, accounting for the fact that of people voting in 1987, 42% were classed as middle-class. A majority of middle-class voters have traditionally voted for the Conservatives, varying little over the decade.

Labour's 1987 share held up reasonably, being only a point less than a decade before.

The Alliance vote among the middle class held up between 1983 and 1987 somewhat better than among working-class respondents.

While in 1979, when Mrs Thatcher first gained power, 59% of the middle class voted Tory, now this time 54% did. But the age of middle-class voters rose from 33 to 40 during the Thatcher years -- a rise one might have expected to benefit the Conservatives more.

The C2s, the battleground of the electorate, were the backbone of the Labour Party's support in its years in power. Then a third of the voting public, their strength had fallen to 27% by 1987, and at the same time Labour's share of their vote declined by a quarter.

Nearly half of the larger base in 1974 (49%) voted Labour. It was little over a third this time. In 1974 only one in five voted Tory: in 1987 it was two in five.

The unskilled workers and those living on the state pension made up the DEs, nearly a third of the voting public. Labour's decline was less in this group and recovered somewhat in this last election, but it was still nine points off the 1974 level of Labour support.

The effect of the sales of council houses to sitting tenants, the cornerstone of the first Thatcher government's efforts to introduce popular capitalism to the working class, is shown by a comparison of working-class owner-occupiers' voting patterns with those of working-class council tenants. While among working-class homeowners the Conservatives had a 12 point lead, among working-class council tenants the Labour Party had a massive 38 point lead, a fifty point difference between the two groups. In 1983 the figures were 21% Tory and 25% Labour respectively, so the gap widened between the two elections as the balance between them tilted as well.

Another facet of the Thatcher revolution has been the decline in trade union membership. In 1979 30% of the electorate were members of trade unions; in 1987 the figure was 23%. At the same time the composition of the trade union sector shifted to include more women, younger and more middle-class. In the days when Harold Wilson led the Labour Party, more than half of trade union members supported the party of the trade unions; in 1987 only 42% did, up a mere 3% from the Labour's Party's 1983 debacle.

In fact, among middle-class trade unionists, one in ten of the electorate, the Conservatives had a 7% lead. Labour tied with the Alliance at a 30% level of support compared to the Conservatives' 37%.

In these figures are the evidence of the success of the Thatcher Revolution.

THE POLITICAL TRIANGLE

The elements of political choice that determine the voting behaviour of the marginal voter, the swing voter who determines not only who wins but the size of the winning party's majority in the House of Commons, are principally three: the images attributed to each party as being seen to be fit to govern, united, etc.; the image of the leadership of the parties as caring, understanding of the problems facing Britain and her role in the world, listening to the electorate, and so forth; and the perceived consonance of the elector's ideas of the parties' stands on issues of importance or salience to the voter.

MORI's 'Agenda' poll for The Times, taken on election day 1987, sought to measure the relative weight that the British electorate put on each of these factors, on a scale of zero to ten. On 11 June 1987, we found that 44% of the weight of the determinant was about policy, 35% about leader image, and 21 about party image. Of course there was variation within the demography of the sample: Conservative voters were more leader orientated, less party orientated, and on the average for policy orientation. Labour supporters were more party, less policy and on the mean for leader. Alliance supporters were more policy, less leader(s) and average on party. There were other variations: men more policy, women more leader; younger people more policy, over 55s (much) more leader and more party too. And middle-class voters said they were more policy concerned and working-class voters more leader and party orientated.

I hypothesized at the time that, as the measurement was taken at the apogee of the election battle, the scores would be much different at other times. To test this, we repeated the question four months later at the time of the 1987 Queen's Speech in November, and found very little change, none on the relative weight given to leadership, while the importance given to policies was 6% down and to the image of the leader 8% up.

There was ample evidence that Labour did well on the caring issues while the Tories lead on defence, law and order and in their ability to handle the economy. And while three-quarters of the electorate said they were satisfied with their standard of living and more people said it was higher than five years earlier and was likely to be higher yet in another five years time under the Tories, the Conservative lead on inflation/prices/economic competence remained. Yet by some nine to one there was agreement that 'the gap between the rich and the poor in Britain is too wide', indicating there were values held by the vast majority of the British public that questioned the Tory hegemony on the handling of the economy.

British values

Underlying these images and perceptions about issues and identification with parties are the values held by the aggregate electorate, made up of millions of individuals with differing backgrounds, levels of intelligence and affluence, educational advantages, aspirations and political consciousness. These values are perhaps the most difficult to identify and to scale, segment and explain. But we use the tools we have, and do the best we can.

Since the General Election of 1983 Labour's share has hung in the mid to upper thirties, through increasing unemployment, through the miners' strike, through the Brighton assassination attempt on Mrs Thatcher and into the run up to the 1987 election. Despite a generally well-regarded campaign, Labour's share fell to 32% on election day, rising afterwards once again to the 35%-40% level, rarely lower, rarely higher, through to the end of 1988. Although Labour's share went down a bit, and up on occasion as high as 40%, there was never a sustained breaking of the 40% barrier. Many explanations were forthcoming, but the bottom line was that Labour just could not break through.

When we attempted to synthesize what the values are that people hold, we found that 54% of the British public hold essentially Socialist values while 39% are essentially Thatcherists in the values they hold. It may be argued that these values are the real swing factors that win and lose elections, and that the sides of the triangle are really the facets of a tetrahedron, a three, not two-dimensional triangle, resting on a solid if hidden base of people's values. If this is so, and if the assumptions of the Editor of the New Statesman are correct ('the broad mass of people in this country are ready for a new progressive ideology which reconciles the British people's deep attachment to individualism with their still strong desire for social justice'), then why can't Labour do better?

More people in Britain said they believe the ideal society would be one which is a 'mainly socialist society in which public interests and a more controlled economy is more important' (49%), rather than 'a mainly capitalist society in which private interests and free enterprise are more important' (45%). Another surprising finding in terms of its strength in view of the times in which we live was that nearly eight people in ten (79%) chose a 'society in which the caring for others is more highly regarded' than one in which the creation of wealth is.

We tested five pairs of such concepts; there may have been grounds for argument over the precise working of the statements, but they reasonably described several relevant concepts on which most people have a view stemming from their own value system. It was a mark of comprehension among the sample that the level of 'don't know' was lower than average for conceptual questions, ranging from five to eight per cent.

Another set of important findings was that in every case the public's view of Britain as it actually was, was thought by many to be over the top. On average, while seven people in ten see Britain today as 'Thatcherist' (as we defined it), only four in ten wish it to be so. And the 'ideal to actual' gap was as great as 59%, comparing rewarding caring with wealth creation.

But perhaps the biggest surprise in the survey's findings came when examining the values of supporters of the main political parties. We found that a third of those who said their voting intention 'if a general election were held today' was Labour held essentially Thatcherist values and over a quarter (27%) of those whose voting intention was Tory were essentially Socialists, whether they knew it or not.

CONCLUSION

Most political observers agree that elections tend to be won or lost on breadbasket issues, by voters on the margin assessing which party offers them the best prospect for economic prosperity for themselves and their families. For the latter half of the Thatcher decade this has been the Tories. At the run-up to the 1987 General Election there was a 0.9 correlation (nearly 100%) between change in economic optimism (positive) and change in voting intention (Tory). However, from April 1988, following the Budget, until the end of the year, there was a near steady fall in economic optimism, from +20% to -28%, the biggest fall MORI has ever measured, yet the Tory share of voting intention has hardly shifted, holding virtually steady at between 43%-46%.

Since the election and the split in the Alliance, the former Alliance partners' joint score has stayed closely around the 14% level, where the Liberals stood alone in 1979 when the Thatcher era began. Yet Labour has not benefited from the collapse of the alternative parties. Roughly half their loss has gone to Labour and half to the Conservatives.

In the early part of the Thatcher government, in the dark days of 1981 when unemployment was rising, Mrs Thatcher was deeply unpopular and it was widely thought her economic policies would fail. She retorted to her critics 'There is no alternative', leading to her being nicknamed 'TINA'. Now it seems a new 'TINA' stalks the land as we look forward to an election likely to be held on June 6th or June 13th 1991, when Mrs Thatcher intends to lead her party into a fourth General Election.

It will seem to many, and perhaps enough to give the Tories a plurality over a split opposition once again, that There Is No Alternative to Mrs Thatcher.

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