

# Heritage Lectures

No. 1000  
Delivered April 30, 2007



Published by The Heritage Foundation

December 31, 2007

## Achieving Change: What We Can Learn from Margaret Thatcher

*John Blundell*

Thank you for doing me the very great honor of inviting me to deliver this 1,000th Heritage Foundation Lecture, my fourth out of your first 1,000!<sup>1</sup>

Today I want to talk about Margaret Thatcher and what we can learn from her about achieving change. After all, we are in the change business and she was very good at it!

Margaret Thatcher was and still is different. On February 21 of this year, on a 3' plinth, a 7'4" statue of her was unveiled in the lobby outside the Commons chamber. Very few Prime Ministers have ever been so honored, and all previous ones were honored posthumously. We are catching up on the USA in honoring Margaret Thatcher. At the unveiling she commented: "I might have preferred iron but bronze will do. It won't rust and this time I hope the head will stay on."<sup>2</sup>

At 7'4" the statue is nearly as imposing as she can still be.

But she did ask me to relay the following words to you:

1. The previous three Heritage Lectures are: "Waging the War of Ideas: Why There Are No Shortcuts," Lecture No. 254, November 14, 1989 (Published June 1, 1990), at [www.heritage.org/Research/PoliticalPhilosophy/upload/92410\\_1.pdf](http://www.heritage.org/Research/PoliticalPhilosophy/upload/92410_1.pdf); "The Third Way: New Philosophy or Politics as Usual?" Lecture No. 659, April 5, 2000, at [www.heritage.org/Research/PoliticalPhilosophy/hl659.cfm](http://www.heritage.org/Research/PoliticalPhilosophy/hl659.cfm); "Is the EU America's Friend or Foe?" Lecture No. 983, September 28, 2006 (Published December 22, 2006), at [www.heritage.org/Research/Europe/hl983.cfm](http://www.heritage.org/Research/Europe/hl983.cfm).
2. A marble statue of Baroness Thatcher on display at London's Guildhall was vandalized and its head knocked off in July 2002.

### Talking Points

Conservatives can learn ten key strategic lessons from Margaret Thatcher:

1. Have a strong moral and political compass,
2. Simplify and communicate clearly and with conviction,
3. Lead but always listen,
4. Develop policies that go with the grain of human nature,
5. Think through strategy well before taking action,
6. Build good teams,
7. Use circumstances as springboards for action,
8. Make good allies,
9. Prepare before you are in power, and
10. Have the patience to take on problems one at a time.

This paper, in its entirety, can be found at:  
[www.heritage.org/Research/WorldwideFreedom/hl1000.cfm](http://www.heritage.org/Research/WorldwideFreedom/hl1000.cfm)

Produced by The Margaret Thatcher Center for Freedom

Published by The Heritage Foundation  
214 Massachusetts Avenue, NE  
Washington, DC 20002-4999  
(202) 546-4400 • [heritage.org](http://heritage.org)

Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

30<sup>th</sup> April 2007**MESSAGE FOR THE HERITAGE FOUNDATION**

With a title such as *Achieving Change: What We Can Learn From Margaret Thatcher* I hesitate as to what I might add in way of comment!

For both Britain and the United States, the late 1970s were a time when change had become a priority. After years of economic and political stagnation, and with our international reputations falling ever lower, our two countries faced a stark choice. In Britain, the slow and seemingly inevitable decline in the three decades following World War II, and the growth of the socialist model of state control and regulation, had made us a dependency nation. While here in America, the withdrawal from Vietnam had sapped your readiness to take on further international threats.

Yet within a few short years we had both reversed the effects of decades of decline. We were no longer prepared to accept the economic and political models which had caused so much damage.

Today, as we face new challenges, we must never be prepared simply to accept the “received wisdom” of those who claim to be wiser. Every one of us can make a difference. And by returning to our basic principles and beliefs, we can find new ways to revivify our policies and to forge a brighter future for ourselves and for our children.

In this task, I know that the Heritage Foundation and all its friends will not falter and I wish you well in the challenges ahead.

**Margaret Thatcher**

The Rt. Hon. The Baroness Thatcher, L.C., O.M., F.R.S.  
House of Lords, London SW1A 0PW

**Change for the Better**

After all the “temporary” controls of World War II, after six years of Clement Attlee and full-blooded socialism, after 28 years of the muddle of the middle and the so-called era of Butskellism (named after leftist Tory Rab Butler and rightist Labourite Hugh Gaitskell), all mixed in with Keynesianism, what did Margaret Thatcher do? It’s worth reminding ourselves:

- She smashed the militant mineworkers;
- She brought unions back under the rule of law and gave them back to their members by making them accountable;
- She conquered inflation;
- She turned poor-service loss-making nationalized industries into superior-service profit-making privatized ones;
- She stood up to tin-pot Argentinean dictators 8,000 miles away in the Falklands because she believed in the international rule of law, even to the extent of dispatching a task force;

- She said NO to Brussels—but not often enough;
- She told Bush I not to wobble;
- She faced down the IRA despite losing very close friends Airey Neave and Ian Gow and nearly being killed herself;
- She sold off public housing;
- She took Britain from 19th to second in the OECD; and with President Reagan,
- She helped tear down that wall.

Because of her, the whole attitude of the country to enterprise, profit, and building wealth changed, and for the better. Through wider share ownership, the sale of public housing, and the liberalization of the City (the financial district of London) people got access to capital for the very first time in their lives. In doing so, she created New Labour: Whoever is in power now has to acknowledge we need a healthy private sector, and that was just not true prior to 1979. Indeed at times (daily almost) one

sees Labour and Liberal Democrat MPs being far more radical than David Cameron's Conservatives. To some, that is a disappointment; to others, it is a cause for celebrations and deep reflection.

She was the Iron Lady on so many fronts and issues, and she did not turn or bend. With President Reagan she brought the light of freedom to so many parts of the world. She brought the blessings of freedom to hundreds of millions of people.

She spent 11½ years at 10 Downing Street, but really her spell lasted up to 1997, as there was no Major era—nothing you could label Majorism except retreat. So it is fair to compare 1979, when she came to power, with 1997, when New Labour triumphed. And what do we see?

- The middle classes grew by 17 percentage points or just over half (from 33 percent to 50 percent).
- Home ownership grew by 18 percentage points, or just over a third (from 53 percent to 71 percent).
- Share-owning more than trebled (7 percent to 23 percent).
- Share-owning among trade unionists all but quintupled, to 29 percent (I'll explain how and why later).
- Strikes virtually disappeared, and the one place they still take place is the postal service which Margaret Thatcher reportedly refused to privatize because Her Majesty The Queen, Queen Elizabeth II would have been upset at not having her likeness on every stamp.
- The percent of workers who are self-employed doubled, to 14 percent.
- And the percent of workers who are in a trade union collapsed from over 50 percent to under 20 percent.

That's change! That is big, positive change. However a word of caution before we move on.

When I started in the war of ideas in the UK the three big issues were:

- |                             |        |
|-----------------------------|--------|
| 1. Inflation:               | We won |
| 2. Nationalized Industries: | We won |
| 3. Trade Unions:            | We won |

But as rapidly as we win battles, so new fronts spring up. As Arthur Seldon used to say, "government is of the busy, by the bossy, for the bully."

Where we once had runaway inflation, now we have runaway regulation—over 5,000 sets of new ones every year (one every 90 minutes) and most from the EU. We know in the UK now that 60 percent of regulation comes from the EU; in Germany they think it is 85 percent.

Where National Industries gobbled up billions as standards plummeted, so today our so-called public services gobble up more billions in education, welfare, health, and criminal justice while all indicators of success collapse.

Where we had unions taking power from Parliament, now we have the EU in Brussels. "Who rules," we used to ask: "The Government or the unions?" Now it is "Who rules: The Government or some corrupt, unelected, unaccountable foreigners meeting in secret overseas?" The answer currently is the latter.

Those are today's issues. What can Margaret Thatcher teach us that might allow us to tackle them in the future? And they can be tackled.

The Rt. Hon. William Hague MP tells of appearing on TV in 2004 with Arthur Scargill, the man who the country feared when he led the 1984–1985 miners strike against Margaret Thatcher.

In 2004, Scargill called for re-nationalization. Hague comments: "What was striking was the reaction of the audience: while a pre-Margaret Thatcher audience would have trembled before him, a post-Margaret Thatcher audience simply laughs—treating his comments as a trip down memory lane, an entertaining show put on by an affable and now harmless museum piece."

But while Scargill and all he stands for is increasingly a matter for archaeologists, contemporary British historians still have a pretty open field when it comes to "how" the Thatcher revolution came about and "what" in retrospect it meant.

There have been some attempts but that field of study has yet to be fully tilled.

## Ten Key Strategic Lessons

Today I want to have a good look at that 1979–1997 period. What can we learn that might help us

today—exactly a decade as of tomorrow since John Major's original 1992 majority of 21 became Tony Blair's majority of 179?

Let me try to summarize the ten key strategic lessons I have identified from Margaret Thatcher.

1. **Above all Margaret Thatcher had a very strong personal political and moral compass.** She could turn to a room full of powerful men and in effect simply say, "I know this is right; you know this is right; the only question is how we do it."

It wasn't the bossiness of the cartoons so much as total conviction. And it built teamwork. If the chief has a set of clear, well-articulated, consistent principles, then all the little Indians know exactly what to do—if they want to stay in the wigwam. And as she once said, "Disciplining yourself to do what you know is right and important, although difficult, is the high-road to pride, self-esteem, and personal satisfaction."

2. **She was able to cut through the guff, the nonsense, the fancy embellishments and get right to the heart of the matter, simplify it, and communicate it.** As books about her are coming out, one thing is common to all of them: namely this ability of hers to simplify and communicate clearly and with conviction. I always think of her and Newt Gingrich together in one sense. They neither of them were "at this moment in time" types but rather "now" types. Good, short Anglo-Saxon words—or as Margaret Thatcher once said to my friend Simon Jenkins, "Laissez-faire? Laissez-faire? Don't go French on me!"

She is a very clever person. She studied chemistry and was a chemist in industry before studying law and practicing at the tax and patent bars. But as well as being clever, she had a knack of simplifying and communicating, of getting to the heart of the matter and expressing it in simple words that made sense and resonated.

People are being cruel when they say she never had a single original idea herself. They undervalue her ability to synthesize.

3. **She did lead, and she expected and got a lot out of those around her, yet she also listened.**

Soon after the 1987 general election a newly elected Tory MP was walking through the members' lobby in the House of Commons when he suddenly observed an old friend. The old friend had been elected in 1983 and was now a junior minister. He was running, literally running. His hair was disheveled and he was carrying not only his briefcase and a box but also a full tray of papers.

"Slow down," called the new MP. "Rome wasn't built in a day," he added.

"Yes," cried the young minister over his shoulder. "But Margaret wasn't the foreman on that job."

That is a true story. The next is 100 percent apocryphal but instructive. It tells us how she was perceived.

The story goes that in 1989 her Cabinet and senior staff held a private dinner on the 10th anniversary of her becoming prime minister. At Café Royal Margaret Thatcher sat at the head of the table with, say, 20 men in suits down each side. A waiter enters and heads to Margaret Thatcher.

Waiter: Prime Minister, would you like an appetizer?

Mrs. T: Prawn cocktail, please.

Waiter: Prime Minister, for your main course?

Mrs. T: A steak, please.

Waiter: Prime Minister, what kind of steak?

Mrs. T: Sirloin, please.

Waiter: Prime Minister, how do you like your steak?

Mrs. T: Rare, please.

Waiter: Prime Minister, some potatoes?

Mrs. T: Roast, please.

Waiter: Prime Minister, what about the vegetables?

Mrs. T: Oh, they'll all have steak too!

Like I said, that was the perception. The reality was that she was a better listener than usually given credit for. She did listen mostly to Cabinet Ministers, and not all the best ideas came

from her “right” wing colleagues—as in the sale of public housing, which came very much from those to her left such as Peter Walker and Michael Heseltine. And she was not always the hard-driving free-market radical portrayed so often today. She worried about abolishing exchange controls. She was not sure about public housing sales at deep discounts, feeling those already on the housing ladder might rebel. And some privatizations unnerved her a little.

While still on leadership, enjoy this quote:

I kept tight personal control over decisions relating to the strategic defence initiative and our reaction to it. ... I was also passionately interested in the technical developments and strategic implications. This was one of those areas in which only a firm grasp of the scientific concepts involved allows the right policy decisions to be made. Laid back generalists from the Foreign Office—let alone the ministerial muddlers in charge of them—could not be relied upon. By contrast, I was in my element.

4. **She championed policies that went with, rather than against, the grain of human nature.** She once said, “popular capitalism is nothing less than a crusade to enfranchise the many in the economic life of the nation. We conservatives are returning power to the people.”

Take public housing. In the late '70s I told her to give it all away to the sitting tenants. Just mail them the deeds, I said. “No,” she replied, “people will not value it unless they pay something for it.” A couple of years later she launched the right to buy. This gave all sitting tenants a 33 percent discount plus an extra 1 percent discount for every year of paying rent up to a maximum of 50 percent off fair market value. Home ownership soared as nearly 3 million units changed hands under this scheme. Likewise with privatization, where the shares were very widely spread and quickly appreciated.

As noted earlier, general public ownership of shares went from 7 percent to 23 percent while ownership by trade union members went from 6 percent to 29 percent.

All of the great privatizations included special staff deals—hence the disproportionate boost among union members. Each one was different, but to stymie opposition and generate positive feelings overall they included:

- Offers of free shares;
- Matching programs—buy one get one free;
- Programs that reserved a certain percent of the float for staff and pensioners;
- Discounts;
- Incentives to keep shares long term; and
- No limits on the number of preferential shares that could be bought—once only in that case.

Employee response ranged from 19 percent to 99 percent and is highly correlated to the generosity of the proposed deal, as one might expect.

5. **She did a lot of strategic thinking well ahead of time.** Ted Heath in his winter confrontation with the miners in 1973–1974 had been forced into a corner by lack of coal reserves. There was only enough coal for industry to operate a three-day week. Strangely, overall production did not fall, showing how much fat there was in industry. Thatcher built up coal reserves to very high levels before she took on the miners.

Or take the suspension of exchange controls. Geoffrey Howe, the Chancellor, spotted that he did not need Parliament’s approval. So he just did it, but after the markets closed on a Friday evening so we had the whole weekend to digest the news and government spokesmen had 60-plus hours to sell the idea on TV and radio.

6. **She had a lot of very smart, dedicated, committed people to draw on.** When I studied politics as part of my economics degree at the London School of Economics in 1971–1972, Lord Donoghue taught me that the Tory party is “the stupid party.” There was some truth to this.

But the Tories were becoming infected with ideas and intellectuals, ideas from the Institute of Economic Affairs, such as:

- Markets work, governments fail;
- Labor market reform;
- Privatization; and
- The conquering of inflation.

And intellectuals from industry (such as John Hoskyns), academia (such as Alan Walters), and from the universities (young men such as Peter Lilley, John Redwood, Michael Forsyth, David Davis, and Michael Portillo) were changing the Conservative Party.

A party that in the postwar years had accepted Butskellism and middle-of-the-road socialism as inevitable had found its intellectual feet under Thatcher. As Thatcher herself said, “standing in the middle of the road is very dangerous; you get knocked down by the traffic from both sides.”

7. **She took advantage of circumstances.** The winter of 1978–1979 had been awful. There was a very strong sense of being in the Last Chance Saloon. Thatcher herself recognized this, as “there can have been few in Britain who did not feel, with mounting alarm, that our society was sick—morally, socially and economically.” Trade Union leader Mr. Bill Dunn seemed to express the spirit of January 1979 when he said, of the ambulance men’s pay demands, if “lives must be lost, that is the way it must be.”

There were strikes galore. There were mountains of trash. The dead were not being buried! Either we got it done now or we became, say, an Argentina—as in a formerly prosperous country turned basket case. And the economics profession was nearly 100 percent against her.

Twenty-six years ago this spring, 364 of them wrote a letter to *The Times* denouncing her. In Parliament Michael Foot confronted her across the dispatch box, asking if she could name two who agreed with her. “Yes,” she fired back: “Alan Walters and Patrick Minford!” However, in the car back to Downing Street she said, “Thank goodness he did not ask for three.”

I cringe when I envisage what we probably would have become without her leadership.

8. **We must not forget Ronald Reagan and their partnership.** It was very special indeed, much more so than Bush and Blair.

Some people still believed the future lay with Communism; some still believed Soviet statistics. Ronald Reagan and Margaret Thatcher instinctively knew that was wrong and evil.

As early as 1950 she said, “We believe in the democratic way of life. If we serve the idea faithfully, with tenacity of purpose, we have nothing to fear from Russian communism.”

Can anybody else on earth claim such foresight?

9. **She took the time to prepare.** Politicians in power are too busy to think, and they are surrounded by bureaucrats and pestered by vested interests. Margaret Thatcher used her three to four years of opposition to prepare for government. (In this regard see John Hoskyns’ *Just in Time* and see Richard Cockett’s *Thinking the Unthinkable*.)

Think of the following ideas: labor markets, exchange controls, inflation, the right to buy public housing, privatization, contracting out, and Enterprise Zones.

All were well discussed before 1979. And she made it quite clear to her research and support staff what she believed in—as in the exasperated moment when she slapped down Hayek’s *Constitution of Liberty* and said, “This is what we believe in.”

10. **She tackled problems one slice at a time, particularly on labor market reforms and privatization.** Every year, the unions were slowly but surely brought back under the rule of law. Every year, advances were made on privatization and a momentum was established. She did not try to do it all at once.

For example, in the 1980 employment act she:

- Abolished statutory recognition procedure,
- Extended the right to refuse to join a union, and
- Limited picketing.

Then in the 1982 employment act she:

- Prohibited action to force contracts with union employees,
- Weakened the closed shop, and
- Removed some union immunities.

Then in the 1984 employment act she:

- Weakened union immunities,
- Required pre-strike balloting of union members, and
- Strengthened employers' power to get injunctions.

Finally, in the 1988 employment act she:

- Removed further union immunities and
- Extended the right of the individual to work against a union.

## Summing Up

So the lessons are:

1. Have a strong compass,
2. Simplify and communicate,
3. Lead but always listen,
4. Develop policies that go with the grain,
5. Think strategy ahead of time,

6. Build good teams,
7. Use circumstances,
8. Make good allies,
9. Prepare before you are in power, and
10. Have patience.

The Thatcher Era is an extraordinary story of change, of a country saving itself in a turbulent world. And we must not overlook, as I mentioned earlier, her impact on her opponents—particularly New Labour, which abandoned Clause 4 (namely, its commitment to public ownership), and today also the Liberal Democrats, where some young men and women are making surprisingly good, encouraging noises.

Also internationally we saw: the worldwide spread of privatization, China going capitalist, and reforms in Central and Eastern Europe.

Margaret Thatcher's influence is everywhere. My institute is very proud of the small part we played in her education!

I hope my ten lessons from the book of Margaret have given you all food for thought.

—John Blundell is Director General of the Institute of Economic Affairs in London. This lecture is part of a forthcoming book on Lady Thatcher to be published in 2008.