

Margaret Thatcher Socialist?

Simon Jenkins, Accountable to None: The Tory Nationalization of Britain, Hamish Hamilton, London, 1995

Reviewed by Michael James

COMMENTATORS of Britain's Thatcher Government of 1979-90 have often observed that it had a statist, *dirigiste* side as well as a liberalising one. Simon Jenkins's thesis is that the continuing aggrandisement of the British state is the more significant part of Margaret Thatcher's legacy, and one that the present Major Government is entrenching. *Accountable to None* seems, therefore, to be the first revisionist interpretation of Thatcherism. Its influence will be all the greater for the lively style and persuasive arguments that the author, a seasoned journalist-commentator and former editor of *The Times*, brings to the task.

It is, of course, well known that public spending generally, and welfare-state spending in particular, continued to expand under the Thatcher Government, and has risen even faster under her successor. But this is not quite what Jenkins means by the 'nationalisation' of Britain. His book is about the transfer of power within the public sector away from the professions, autonomous state-funded bodies and, above all, local government, and towards the central ministries in Whitehall. Although this process had been going on since the 1940s, it accelerated under Thatcher. As Jenkins has it, the government's failure to cut spending and genuinely 'roll back the frontiers of the state' in its first two years of office prompted it to accede to the imperialist ambitions of the Treasury, which was resolved never again to endure the humiliation of IMF intervention such as had occurred in 1976. Jenkins describes how the Treasury has ruthlessly imposed financial control over the great areas of public administration: local government, the health service, the police, schools, universities, urban renewal, housing, judicial administration, the railways and the privatised utilities. Making it all possible is Britain's constitution, whose central principle of parliamentary sovereignty has allowed the unchecked growth of the executive power.

The statist tendency of Britain's Conservative governments has so far been relatively neglected most probably because internal public-sector reform has seemed a natural adjunct to deregulation and privatisation in Thatcher's drive to revive Britain's moribund economy. It seemed the obvious treatment for those many comatose, wasteful and union-dominated 'public services' of the 1970s that could not be quickly pushed into the private sector, especially as the Treasury stood ready and eager to get its hands on them. In his chapter on the schools, Jenkins says that, in responding to

a widespread parental aversion to the educational innovations of the 1960s and 1970s . . . Thatcher could have moved in one of three ways: privatisation (through vouchers), decentralisation (through local management of

schools] and a revitalisation of local democracy) or partial or total nationalisation. The last was the least painful in the short term and most accorded with the Treasury's desire for control . . . (p. 133)

The same three choices — privatisation, decentralisation and centralisation — applied more or less to all parts of the public sector. But the overriding goal of achieving efficiency diverted attention from the very different consequences of each option. Only now are those consequences coming to be understood.

Take school reform again. After an attempt to implement a voucher system failed in the early 1980s, the Thatcher Government decided to try to raise state school standards with a compulsory National Curriculum. It even tried (but failed) to impose it on the private schools as well. But the National Curriculum has since become a political football and has been largely captured by the kind of educational philosophy that Mrs Thatcher was hoping to eradicate. As well, the Thatcher Government tried to recreate the post-war practice of educational selection by allowing schools to opt out of local government control and to come under direct Ministry of Education control. According to Jenkins, when Mrs Thatcher and her ministers did this sort of thing, they seemed genuinely to think they were engaged in 'decentralising'. But, with a selection of telling quotations from her memoirs, Jenkins shows that Mrs Thatcher has since come to realise that she was really involved in an exercise in socialism and collectivism.

Jenkins tries to be fair about the Thatcher Government's achievement. He gives it due credit for reforming Britain's tax and industrial relations systems, and for making the bureaucracy treat the public as customers rather than pests. He thinks the centralisation of the health service has improved its performance (though not because of its 'internal market'). But he argues that the centralisation of the public sector has been a failure overall, for two reasons. The minor reason is that it has not brought public spending under control, as was shown decisively when spending and borrowing reached record levels in the early 1990s. In fact, in a spectacular example of the law of unintended consequences, centralisation has caused public spending to grow, so Jenkins argues, because cabinet ministers are *less* able to resist spending pressure than the autonomous public-sector bodies that they supplanted. For example, direct control over public-sector pay backfired on the government, since 'while overspenders might be kept within bounds by the nationalisation of pay policy, possible underspenders were under intense pressure to spend up to the norm' (p. 250). And 'Ministers were . . . reluctant to be seen as mean to nurses or teachers' (p. 249).

The more important reason for failure is that the Tory 'nationalisation' of Britain has undermined important constitutional freedoms. By emasculating local government, it has deprived the people of a form of public life that, so Jenkins believes, allows them to make their own decisions about the nature and amount of public services they want. This theme touches on Jenkins's own values and reveals his reason for writing the book. He thinks that Mrs Thatcher betrayed the Tories' traditional commitment to local autonomy and political pluralism, and weakened the

checks these used to impose on central government. Of the three reforming strategies listed above, Jenkins's own preference is for decentralisation — the one in which Mrs Thatcher and Mr Major have shown the least interest, despite their rhetoric. They also seem unaware of the revival of local government in several European countries, even in France, which is often cited as an example of technocratic *dirigisme* even though that description better fits Britain nowadays. Jenkins declares his support for the gathering movement in Britain for a written constitution.

In my view, Jenkins exaggerates the virtues and capacities of local government, and so fails to learn the most pertinent lessons from his own analysis. He admits that the worst local authorities used subsidised tenants in public-housing estates as electoral fodder to generate political support for punitive rates on property-owners, from which huge empires of patronage were built; and this did much to prompt Whitehall to impose central control over local government by way of rate-capping. But his claim that 'The ceaseless exercise of political freedom is not just a right: it is an obligation on every member of any sophisticated community' (p. 266) is not only dubious in itself, but seems to legitimise precisely the capture of government by activists and vested interests that he would deplore.

The point on which both liberals and conservatives like Jenkins could readily agree is that the centralisation of government crowds out decentralised activity of all kinds. From this standpoint, 'devolution' shades into 'privatisation': it need not stop with groups, but can continue down to the individual. Parents should of course have a greater say in the management and the curriculum of state schools; equally, they should be free to opt out of them and to use or set up private alternatives to them, without financial penalty. Easy exit from the public sector at all its levels is more valuable to most people than a voice in local politics. Still, devolved government is more likely than centralised government to promote diversity, competition and efficiency within the public sector.

For Jenkins's revisionism to become the received interpretation of the Tories' reign since 1979, he would need to show that the 'nationalisation' of Britain has vitiated the Tories' efforts to liberalise its economy. That would be hard to do. Just now, Britain is doing better economically than its partners in the European Union, with lower (and falling) unemployment reflecting lower labour costs, lower tax rates and lighter regulation; and even its utilities, whose privatisation, as Jenkins shows, has been compromised all along the line by central government, are in better shape than many of their continental counterparts. Moreover, several of the European countries that Jenkins cites as having revived local government have heavier tax and debt burdens than Britain's. And yet, as the struggle to contain the growth of government seems to be failing everywhere (with the possible exception of some communist or ex-communist countries), the centralisation of Britain's public sector could well turn out to have been another of those errors whose consequences are incalculable but which cannot be reversed by normal political means.

Michael James is editor of Agenda.