

Economic Policies

Privatisation:

- After the 1983 victory, gov. accelerated the sale of Britain's state owned enterprises into private hands; Thatcher believed privatisation was essential in improving economic performance; believed the selloff would boost revenue and fund tax cuts.
- Thatcher believed nationalised industries; were inefficient and overmanned; and would be better able to raise investment capital once released from Gov. Control.
- Really popular; many bought shares in the new companies.
- 1979: 3 million private shareholders, and by 1990: there were 11 million shareholders.
- Thatcher hoped the policy would reward the hardworking families whose small shareholdings would give them a modest stake in businesses; gov. tended to undervalue assets of businesses which caused value of shares to increase; many sold their shares onto big financial operations for profit.

Tax cuts and deregulation:

- Lawson, CofE from 1983-89, continued Howe's policy of shifting revenue from direct to indirect taxes; reducing income tax.
- Capital gains and inheritance tax was reduced, so British incomes were more lightly taxed than incomes elsewhere in the EU.
- Indirect taxes such as VAT, increased.
- Financial Services Act of 1986 deregulated the London stock market in Oct. 1986; revitalised the City of London.
- Lawson's Boom: his policies.
- Seemed the gap between the thriving and high earning financial sector and the depressed areas of traditional industry and mining had gotten greater.

Deregulation of the City of London and the 'Big Bang'

- Before Oct 1986 City of London's had many regulations which made it difficult for it to compete with foreign banking centres - especially NY
- Abolition of the regulations came on 27 October 1986 - 'Big Bang'
- Expected increase in amount of trading

Economic record of the Thatcher Gov:

- **Highly controversial at the time and have remained so since.**
- **Thatcher's supporters argue: she brought down inflation; privatisation improved performance and lowered prices; shareholding gave public a chance to have a stake in economic success.**
- **Critics argue that: the success came from the North Sea oil discovery, rather than Thatcher's politics; too many privatised businesses were run for the benefit of a few big shareholders and not the customers; the social cost outweighed the benefits, such as unemployment and destroyed communities by the fall in manufacturing.**

Social Policies:

The NHS:

- Gov. aimed to make NHS more efficient by applying businesses principles to its administration; hospitals were allowed to be self-governed and in charge of their own budgets; GP's became fund holders with their own budgets.
- Gov. Supporters argued the changes injected much needed financial discipline into the NHS.
- Gov. Critics argued that this was the first step to privatising the NHS which would ultimately end up putting profits before patient care - not appropriate for a public service.

Schools: