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From Union Legislation to Financial Reform: A reflection on Thatcherism, Capital, and the British State[i]

Abstract

In the days and weeks following the death of Margaret Thatcher, a broad range of views about her legacy were expressed in various forums, nearly all of which, for better or worse, emphasised the significance of Thatcherism. This paper reflects on this legacy through an examination of industrial relations policy, macro-economic policy, and financial reform, and argues that the Thatcher governments' primary significance lies in the means by which the interests of labour were subordinated to the end of accumulation, rather than the attempt to achieve these ends as such. Instead, it identifies continuity in attempts by the British state to co-opt or subordinate labour, and argues that the demonization of Thatcherism diverts attention from more fundamental questions about the exploitative and crisis prone nature of capitalist social relations.

Thatcherism; Industrial Relations; Macro-economic policy; Deregulation

Introduction

The death of Margaret Thatcher in April 2013 produced numerous articles in media outlets and popular forums reflecting on her legacy. Many were either hagiographic or vitriolic, with the latter manifesting in the form of 'celebrations' of her passing in Bristol, Brixton, and Glasgow. Within the academic literature it has long since been claimed that Thatcherism was significant because of its role in the hollowing out of the state (Rhodes, 1994), for ending the era of consensus politics (Kavanagh, 1987) and for re-inventing political statecraft (Bulpitt, 1986). For better or worse, it would seem, Margaret Thatcher's governments and the ideology bearing her name, were significant in changing the United Kingdom.

This paper challenges claims about the significance of Thatcherism by highlighting continuity between Thatcher's governments and other 20th century governments. It will show how attempts to subordinate the interests of labour to capital through the institutions of the British state stand out from similar attempts by previous governments principally in terms of the form this action took and their unprecedented degree of success. The paper therefore shows that it was the high-point of labourism from 1945 to the mid-1960s, throughout which a favourable international context institutionalised in the form of the Bretton Woods system allowed the state to mediate relations between labour and capital, and not Thatcherism, that represents a period of exceptionalism in British political economy. On this basis, it argues that the demonization of Margaret Thatcher and Thatcherism divert attention away from more fundamental questions about the exploitative and crisis prone nature of capitalist social relations by virtue of its implication that the death of an individual and the death of an ideology are sufficient conditions for progressive change.

As such, the article suggests that emphasising the exceptionalism of Thatcherism, is not progressive. However, it should be read not as a defence of Thatcherism, but as a critique of the capitalist state form more broadly conceived. The paper is structured as follows. Section one examines three areas in which it has been argued that Thatcherism was significant in order to demonstrate continuity in the character of policy between Thatcher's governments and those of her predecessors. These relate to the attack on British trade unions, macro-economic policy, and the deregulation of finance. In light of this analysis, section two contextualises Thatcherism by reflecting on the relationship between Thatcherism, capital and the British state, the implications that the demonization of Margaret Thatcher and Thatcherism have for progressive politics, and in particular for perpetuating the exploitative and crisis prone characteristics of capitalist social relations.

From Union Legislation to Financial Reform

1. *The Trade Unions*

One of the central claims about the significance of Thatcherism relates to her governments' systematic and successful actions to erode British trade union power, both through confrontation with the National Union of Mineworkers (NUM) and by legislative means. The legislative assault on the unions began in 1980 with the *Employment Act*, which was 'a moderate measure intended to forestall further attacks on union power' (Morgan, 2001, p. 449). The Act provided for public funds to be used in order to facilitate the balloting of members for the purposes of deciding on strike action, placed limits on the extent of closed-shop arrangements, and prevented secondary picketing (ibid., p. 449). This was supplemented in 1982 by measures to end union immunity from financial liabilities incurred as a result of illegal strike action, increased the penalties for the organisation of a secondary picket, and provided for compensation to be paid to those who were made redundant because of closed shop arrangements (ibid., p. 449). In the interim, concessions were made to unions to support Welsh mining and railway workers (ibid., p. 450).

The decisive moment for the Thatcher Governments' relationship with the trade unions came in 1984/85 as confrontation with the NUM escalated. This stemmed from reaction to plans to privatise the industry, the development of the nuclear fuel programme, and the maturity of targets set in the 1980 *Coal Industry Act* for the industry to be profitable by 1983/84, at the cost of a further 65,000 jobs (WCCPL & NUM, 1985, pp. 10-11). This prompted strike action by miners across the nation in 1984, with the exception of those in Nottinghamshire (see P. Clarke, 2004, p. 378), as in some communities, 'over half the male population would be out of work' (ibid., p. 13). After a year, and with many strikers and their families suffering, 'privation drove increasing numbers of miners back to work at the beginning of 1985 and the strike petered out' (P. Clarke, 2004, p. 378).

These events show that Margaret Thatcher's governments clearly had a significant impact on Britain's industrial relations climate. However, the intent to subordinate the unions and undermine their influence was hardly different in character from any previous British government. As Ralph Miliband (1972) noted, as early as the interwar period the Labour Party's National Executive Committee 'was content to leave the initiative [on direct action] to the trade unions themselves' (ibid., p. 68), and this commitment to parliamentarianism meant that the potential for trade unions to affect fundamental change was muted by the Labour Party within and through the state. Away from the Labour Party, the approach to unionism was laissez-faire, and while 'the liberal tradition could accommodate trade unions, it was characterised by an instinctive hostility towards them' (Moran, 1977, p. 20).

The intention to temper the activities of the organised labour movement by the British state, however, has not simply been limited to a general hostility or broad scepticism in the interwar period. Historically, the principal purpose of the existence of trade unions has been to negotiate rates of pay and standards of working conditions with employers on behalf of their members, and throughout the post-war period this purpose has been diluted through co-option by the state, by either legislative or corporatist means. One of the main areas where the state has attempted to do this is by limiting the rate of increase in pay settlements. In other words, the belief in the Phillips Curve trade off between inflation and unemployment after 1958 effectively legitimised the subversion of the interests of workers to the doctrine of 'sound money' (which, ironically, are often discussed as goals in competition with one another as if workers have no interest in the latter).

Despite the impression of partnership implied by corporatism, the post-war British state persistently attempted to exert control over the unions' ability to negotiate wage settlements in the form of incomes policies. In the 1970s there were numerous examples. The Conservative governments of Edward Heath operated two such schemes, the first of which was the public sector policy of de-escalation known as 'n-1', and the latter part of the three-tiered *Counter Inflation Act*. The operation of this scheme ultimately precipitated the miners' strike that saw the instigation of a three-day week and the fall of the government on the issue 'Who Governs Britain?' Only a short time after, and in spite of commitments to return the power of free collective bargaining to the trade unions, the Wilson government instigated the £6 flat rate pay policy in July 1975, which was principally justified by appeals to pressure on sterling in the foreign exchange markets (see Rogers, 2013). The relative gains made by labour in the period 1945 to the mid-1960s can be viewed as an exception, however the international context was arguably the most significant factor in facilitating these gains because during this period the fixed exchange rate under Bretton Woods saw Britain's higher than average rate of inflation reflected in periodic balance of payments crises rather than pressure on the exchange rate (see Ball & Burns, 1976, p. 477; Laidler, 1975, p. 46; Laidler, 1976, p. 488). In other words, the apparent reconciliation between capital and labour was made possible by favourable international conditions that temporarily muted the difficulties of credibility and competitiveness, and came to an end as the international monetary system came under stress in the late-1960s and early 1970s.

While the long-boom of the post-war period appeared to mute conflict between capital and labour and provided for the ascendency of labourism, this period was nonetheless also underscored by constraints on the labour movement. This is because the system of voluntary collectivism, based on the idea of the state as mediator between labour and capital, fundamentally accepted the wage relation. It therefore perpetuated the idea that the fate of labour was to be determined by the market, and was in essence an informal co-option of labour based on unions' acceptance of the logic and legitimacy of accumulation. The tripartite corporatism that Conservatives had aimed for since the 1947 Industrial Charter was a formal attempt to extend this subordination of labour after the union movement began to try and influence a broader range of social and economic policies. 'O it is excellent To have a giant's strength', the Inns of Court Conservative and Unionist Society later declared (1958, p. 4), 'but it is tyrannous To use it as a giant.'

Increasingly, these views about the necessity of limiting trade union power were formalised in legislation or proposed legislation. *Putting Britain Right Ahead* (Conservative Party, 1965, p. 3) expressed a temperate attitude to unionism, with its emphasis on balancing 'fairness, the safeguarding of the individual and the public as well as the trade unions and employers' associations', implicitly pitting organised labour against liberty. The Conservatives were able to translate this logic into a legislative platform in the form of the *Industrial Relations Act*, which made it illegal for any individual to break or instigate a break of contract—in other words strike—without the formal authority of a union (Brown, 1983, p. 180). In so doing, it outlawed activities that were 'generally regarded as vital to trade unionism' because it required the imprisonment of transgressors' (ibid., 180). Ultimately, the legislation was undermined because unions simply refused to comply.

Although the *Industrial Relations Act* was passed into law and *In Place of Strife* was not, the episode is not too dissimilar from the Labour Government's experience in 1968. The proposed legislation was predicated on the belief that employees could unfairly exploit consumers (Cmnd. 3888, 1969, p. 5) and would have required strike action to be agreed by ballot. The Labour Party was only able to re-establish itself as an electoral force by abandoning the legislative basis of its attempts to subordinate the power of labour to that of capital by doing so informally through the Social Contract. This voluntary approach to securing restraint from the unions in return for concessions in other areas of government policy was so widely reneged upon that it has divided opinion about whether it was simply 'a shopping list of TUC demands' (Taylor, 2000, p. 210) or a thinly veiled 'social contrick' (Cliff and Gluckstein, 1996, p. 327).

The British state's attempts to co-opt and subdue the power of organised labour are therefore well established. The brief examples discussed here show how governments of both left and right have consistently been concerned with preventing union influence from undermining the profitability of British capitalism. So what is unique about Thatcherism in this respect? The answer lies firstly in the fact that the corporatist approaches to the co-option of the labour movement of previous governments, involving 'beer and sandwiches' typified by the Chequers and Downing Street talks of the 1970-74 Heath Government and the Social Contract of the 1974-79 Wilson/Callaghan administrations, were abandoned in favour of a confrontational approach. Secondly, and more straightforwardly, Thatcherism was significant because of its success where other governments had failed, and not in the character of its industrial relations policies.

2. *Macro-Economic Policy*

A second area in which Thatcherism has purported significance is in its impact on shifting the framework of macro-economic policy making in Britain. While in the post-war period fiscal policy had been seen as a legitimate tool to maintain high levels of employment, it had become discredited in the context of high inflation and stagnant growth—stagflation—experienced in the mid-1970s. The use of deficit financing to tackle unemployment was largely discredited by the time of Margaret Thatcher's election, meaning that the scope for directing investment to the regions was limited by a general context of balanced budgets following a period of austerity to deal with Britain's persistent deficits prior to North Sea Oil. However, fiscal austerity significantly pre-dates Thatcherism. While the inter-war Treasury view was succeeded by the era of embedded-liberal Keynesianism after 1945, austerity was firmly at the forefront of policy debate by the mid-1970s. As Steve Ludlam (1992) has convincingly shown, such approaches were already fully developed under Wilson and Callaghan.

This development was shaped by at least three groups of actors. First, the Treasury and the Bank of England were keen advocates of a transfer of resources to the balance of payments rather than to public expenditure, even for investment, which they felt would be crowded out. Second, conservative elements within the Parliamentary Labour Party, led by the Chancellor, Denis Healey, essentially subscribed to these ideas (see Rogers, 2013). Finally, there was strong international support for measures of this kind, particularly from within the U.S. Federal Reserve and the International Monetary Fund. The latter had strong institutional incentives to find a role in the international monetary system after the par-value system of fixed exchange rates that it had been created to oversee collapsed in 1971 (de Vries, 1986, p.

137), and it was to be in its advocacy of capital account liberalisation, monetary orthodoxy, and fiscal orthodoxy, that this role would be re-established.

Whether fiscal rectitude is strictly necessary for technical economic reasons remains a hotly debated question (Baker, 2010; Radice, 2010), but the historical record makes it clear that it was an established norm well prior to the election of the Thatcher governments. The sharp rise in interest rates to tackle inflation in the early 1980s, however, did exacerbate the problem of regional industrial policy because of the disincentive to invest that stemmed from the high cost of borrowing, and there is no doubt that the shift to tight money was much more acute under Thatcher and the auspices of the Medium Term Financial Strategy. Nonetheless, given the extent to which the shift towards tight money stemmed from a concern with market confidence in the value of sterling after repeated slides in the exchange rate, tight money in combination of fiscal prudence are not remarkable either pre or post Thatcher.

Similar concerns were at the root of the inter-war Treasury View and the desire to maintain the gold-standard rate of $4.86 (Kettell, 2004, p. 34), and as Colin Hay (2004, p. 44) has noted, Britain has continued to pay an interest rate premium over competitors because of the importance afforded to the status of sterling under New Labour. In each of these periods the pound has been treated as a constraint that has left governments reliant on the 'blunt instrument' of monetary policy, and made channelling investment to the regions difficult (ibid., p. 42). Under Margaret Thatcher then, the social consequences of macro-economic policy-making and the renewed emphasis on 'sound money' was in many respects a legacy of sterling's role in the international monetary system and preceded her election by many years. Indeed, this general tendency for policy to reflect a concern for confidence is well established and clearly reflected in the long-term secular decline of British manufacturing.

Developing such an understanding of the relationship between Thatcherite macroeconomic policy-making and previous administrations can also help to de-mystify the significance of other micro-economic issues under Thatcher's governments. For instance, it is commonly asserted that one of the major consequences of Thatcherism was the decline of mining communities, stemming from an overt hostility to the labour movement. Such arguments are based on the fact that as unemployment in these areas began to soar, communities suffered badly and many have failed to recover. Again, it is clear that there can be little doubt that the impact of Thatcherism on these communities was both substantial and tragic, and claims that Thatcher's decision to let the mining industry go to the wall was an act of 'sheer political spite' that 'buried an industry that was still fit for purpose' (Prescott, 2013) appears robust in light of the fact that UK Coal still operates deep mines at Kellingley, Harworth, and Thoresby.

However, the move to floating rates in the early 1970s and the North Sea Oil context of the early 1980s are significant for developing a broader understanding of the decline of mining for two reasons. The first is because the transition from deficit to surplus on the balance of payments placed upward pressure on the exchange rate, with consequences for the competitiveness of British exports that were amplified by the intellectual emphasis on the importance of monetary policy to economic stability. The second relates to a (somewhat perverse) debate that has emerged from a rising concern with environmental issues in the late 1980s and early 1990s which has resulted in competition among extractors of fossil fuels to capture market-share by demonstrating the relative-cleanliness of their products in comparison with competitors' products, and which has shown coal to be 'less clean' than other fuels (Exxonmobil, 2012).

Notwithstanding the more holistic objection to principled support for mining because of its place in the status quo on the grounds that this appears anathema to social progress, these contextual factors make it necessary to ask how long coal mining could have survived. With the abundance of North Sea Oil and the rising tide of environmentalism, it would seem that coal would, in any event, have been sustainable for only in the short-term. As such, the significance of the decline of British mining is a much broader macro-economic issue, and begs the question not of why the mining industry was put into accelerated decline, but why the government failed to direct investment into these communities to offset the social consequences of its decline. The answer here lies in the limits to industrial policy that stemmed from prevailing beliefs about the balance between fiscal and monetary policy that constituted 'credibility' in macroeconomic policy-making that were commonplace prior to 1945, and only temporarily subsided in the post-war period as the international context insulated the British economy from the full effects of competition. While the decline of mining has often been seen as characteristic of Thatcherism's exceptional hostility to the labour movement, such arguments therefore appear to be something of a 'straw-man'. Such micro-level issues take on a far greater significance in terms of broader debates about industrial strategy and monetary policy, and understandings of the relationship between the state and market that framed them. In both cases, the character of the policies that contributed to the decline of mining have a long history in Britain, were only temporarily in abeyance in the post-war period, and had been re-introduced well before 1979.

3. Financial Reform

The prioritisation of sterling and the emphasis on counter-inflationary credibility is therefore another area in which it is possible to identify continuity in the character of policies between Margaret Thatcher's governments and those of her predecessors. This also raises questions about the significance of Thatcherism in a third area: the de-regulation of the City of London. Explanations for these measures are commonly framed in terms of the impact that globalisation had on limiting the policy autonomy of states as they were exposed to competition. Theoretically, this has been discussed in terms of the rise of the 'competition state' (see Cerny, 1991) or the rise to hegemony of a transnational capitalist class and the structural power of capital (see Gill and Law, 1989). The picture once again, however, is more complicated than this.

One of the first measures of financial deregulation undertaken by the Thatcher governments was to end capital controls that had prevented the outflow of sterling for the purposes of foreign direct investment, exposing Britain more fully to the rigours of the capital mobility hypothesis (see Andrews, 1994; Cohen, 1998) and limiting the state's autonomy to pursue substantive welfare policies or industrial policy for fear of capital flight. However, the context of Britain's transition from deficit to surplus nation stemming from North Sea Oil is again important because outflows of sterling were necessary to 'provide the counterpart to the build-up of a current account surplus on the balance of payments' (Plender, 1986, p. 40). In its absence, there would likely have been upward pressure on the sterling that would have further dampened the competitiveness of British industry and *accelerated* industrial decline in a context where the shift towards the monetarist intellectual paradigm made productive investment increasingly costly.

A second major area of financial reform under the Thatcher governments related to opening up the City of London in what became known as 'the big bang' in 1986. As Plender (ibid., p. 39) noted, this had two principal aims. The first was to abolish 'monopolistic fixed commissions on securities transactions'. The second, to remove 'barriers to foreign entry to an exchange that was constituted as a private club' (ibid., p. 39). At the heart of both is the importance of competition to an efficient economy, and although the measures might have favoured financial capital in general, they certainly did not favour established interests within the City of London. In fact, quite the opposite is true as firms with a stranglehold over lucrative businesses were exposed to competition with the potential to undermine their historically privileged status.

A third area of significance in Thatcherite financial reform is the demutualisation of British building societies under the auspices of the 1986 *Building Societies Act*, and this significance has been more frequently stated in light of the recent financial crisis given claims that mutuals are more risk averse than joint stock banks (see Hesse & Chihak, 2007, p. 18; BSA 2009, p. 4). Given the intermediated nature of building society business models in which profits are made from interest rate differentials between deposits and lending, the monetary policy framework of the 1980s squeezed building society liquidity. It became increasingly difficult for them to raise capital from retained earnings by offering competitive rates for deposits and borrowing under competitive pressure from other financial institutions and in light of restrictions on their access to wholesale funding markets and their inability to raise loss-bearing capital by issuing equity. Demutalisation was therefore underscored by a competitive rationale.

The Thatcher governments however, did not demutualise the building societies, but simply created the legal environment in which it would be possible for them to demutualise. As John Fry (1990, p. 53), the former deputy chairman of the Abbey National noted, members voted *overwhelmingly* for the transformation of their society to a PLC. The key question about demutualisation is therefore one about cooperative degeneration and the reasons why people, when confronted with a choice between a purely capitalist and alternative forms of organisation, have chosen the capitalist form. This is a question that is by no means specific to the 1980s and 1990s, but is a well-established problem in discussions about the sustainability of the mutual form (see Elster, 1989; Miller, 1981). The notion of competitiveness, or the lack thereof, of this particular form of economic organisation, seems to have played a key role in the discourse in support of the transition of mutuals to PLC status (see Fry, 1990, p. 49).

In each of the three cases above, the paper has suggested that the financial reforms of Thatcherism should not be seen as straightforward concessions to capital. However, they are nonetheless significant because of the emphasis placed on competition in the rationale for the changes. By emphasising the importance of responding to the imperatives of competition for even the most privileged sections of the British economy, an impression of inevitability around the retreat of the state from the provision of welfare was created. It also created an impression of fairness in the sense that it was not only wage labourers who had to face the realities of the competitive global economy, but also those who owned productive and financial businesses. These actions suggested that the emerging phenomenon of globalisation did not discriminate on the basis of class and provided a semblance of neutrality to the Thatcher government's policies that had direct negative consequences for the labour movement. In other words, financial reform was significant in consolidating the common sense of competition, which subsequently serves to depoliticise the consequences of policy through the construction of the idea that there is no alternative.

Thatcherism, Capital and the British State

Placing Thatcherism in context reveals continuity in the fundamental character of policy in Britain, but a change in the form it took. The discussion above has made four arguments. First, that Thatcherism was not remarkable in its treatment of the unions because many prior governments have sought to place limits on their power. Second, Thatcherism was not exceptional in terms of macro-economic policy because doctrines of sound money that limited the scope of industrial policy were well established in Britain. Third, Thatcherism was not significant because of the extent to which it ceded power to a class of finance capitalists. Although the paper has argued that none of these events were significant because they attempted to subordinate the interests of labour to those of capital, it lastly suggested that these measures were significant in the way they achieved this. Namely, through confrontation and the consolidation of the logic of competition, which served to depoliticise the consequences of those policies.

It is through a dissection of the nature and significance of competition and competitiveness, the *sine qua non* of the so-called neo-liberal state form, that we can see the acuity of such an interpretation of

Thatcherism. It is clear and widely acknowledged that competitiveness stems from relative gains in productivity, which effectively means labour market flexibility, comparative advantage in real wage rate differentials, and technological advancements. As it has been phrased elsewhere, capitalist competition 'means the deskilling of labour, growing competition in the labour market, falling wages and widespread redundancy' (S. Clarke, 2001, p. 96); competition 'forces upon each capital the necessity of expelling living labour from the process of production' (Bonefeld, 1992, p. 112).

The distinctiveness of measures to subordinate the interests of labour to those of capital under the Thatcher administrations therefore hinges on whether the competitive pressures faced by the British state in the 1980s were unique. Was there a shift in power from state to market that subverted the state's ability to act in the interests of labour as it was faced with the disciplinary authority of a globalised capital? Did the state really transform from something else into a 'competition state'? If we accepted that historically, the purpose of production was the consumption of goods and became the accumulation of capital in this period, this might be sustainable. However, such an assertion 'is transparently false and patently absurd, immediately contradicted by the very existence of capitalism' (S. Clarke, 2001, p. 95).

In the process of accumulation, the consumption needs of people play a secondary role and the limits of accumulation are 'imposed on the capitalist by the pressure of competition […] which compels every capitalist to expand production by developing the forces of production *without regard to the limits of the market*' (ibid., p. 96, original emphasis). Given the nature of capitalism's focus on accumulation and not on consumption, and the centrality of competitiveness to this, Bonefeld (2008, p. 70) suggests that the notion of the emergence of a competition state is 'itself a highly dubious concept since it suggests that capitalist state's primary occupation in the past was not to ensure economic competitiveness'. By scrutinising the concept of competitiveness that was used by the Thatcher governments to reduce trade union power, emphasise 'sound money', and deregulate financial markets, its novelty is revealed as an anachronism. In this anachronism, the continuity of the state's nature as the political form of capital accumulation, in and through which the inherent struggle between capital and labour is mediated by the rule of law, is revealed. The character of Thatcherite policies are therefore not unique, and entirely in keeping with the British state's historical attempts to subordinate the interests of labour to those of capital accumulation. While the period 1945 to the mid-1960s appeared to offer some prospect that the antagonism of this relationship was subsiding, the subsequent return to more overt forms of struggle between capital and labour reveals the precarious form of British labourism, and the important role that the Bretton Woods institutions had in facilitating it.

Thatcherism's significance lies in its contribution to the construction of the idea that states and markets are separate and exogenously related spheres of activity in a relationship where power can shift from one sphere to the other, and that the neo-liberal era was one in which authority had shifted decisively from the state to the market. The reification of this relationship represented an act of depoliticisation *par excellence*, which in turn appeared to leave the state with little alternative but to take the courses of action it did. In doing so, this depoliticising act laid the foundation of Thatcherism's second area of significance—it's success in subordinating the interests of labour to those of capital that ultimately resulted in the globalisation discourse that formed a central pillar of New Labour's economic and social policy.

The question of Margaret Thatcher's significance is therefore arguably one of style and not of substance, and the demonization of her governments and the *–ism* afforded to her name has potentially serious consequences for progressive politics more broadly. This is because by focusing on her cult of personality and the ideology used to justify her governments' policies, there is an inadvertent focus on the style and not the substance. The implication is that progressive political economy can stem from her replacement and the replacement of her ideology, by the discovery of the next *–ism*. However, as state forms from *laissez faire* liberal, through Keynesian, and up to the neo-liberal era, have shared in common these attempts to subordinate the interests of labour to capital, this would appear to miss an important point.

In directing our attention to the style of policy rather than its fundamental character and the social relationships from which this stems, the common sense of capitalism, and the exploitation and contradictions inherent in it, go unchallenged. Rather, the demonization of Margaret Thatcher and Thatcherism fetishises the means by which the interests of labour are subordinated to those of capital rather than that end itself. If economy and society are to become more sustainable and equitable, it is necessary to go beyond such superficial critiques and seriously reflect on the way in which society is socially constituted and socially re-constituted through the everyday processes of production, distribution, and exchange, in which we are all engaged.

It is this kind of activity that concerns John Holloway in his books *Change the World Without Taking Power* (2005) and *Crack Capitalism* (2010). In the former, he writes about how social democratic and reformist governments have not achieved more than other forms of government: 'their record in practice has differed very little from overtly pro-capitalist governments, and most social-democratic parties have long since abandoned any pretension to be the bearers of social reform' (Holloway, 2005, p. 12). As such, he suggests that the focus of change be an attempt to dissolve the relationships of power that characterise the capitalist mode of production, because 'what is at issue in the revolutionary transformation of the world is not *whose* power but the very existence of power' (ibid., p. 17). In its suggestion that the demonization of Margaret Thatcher and Thatcherism divert attention from these more fundamental questions in capitalism, this article is in agreement with Holloway's position. In his latter volume, Holloway argues that such change can come from a shift to 'a different kind of doing' (Holloway, 2010, p. 21) that 'cracks capitalism' and may stem from 'a conscious opting-out' or 'a forced expulsion from capitalist social relations' (ibid., p. 23).

Unfortunately, the important question of praxis that Holloway's work raises and which is recognised by the interpretation of Thatcherism presented in this paper has no easy answers. However, it is clear the creation of successful alternative spaces is dependent people's awareness that such alternatives exist. In the United Kingdom at least, prevailing institutional structures appear to stifle that awareness and reinforce the common sense of capitalism rather than challenge it. It has recently been argued that emphasis on competition in Higher Education has made academics themselves '*the individualized site, strategy and mechanism for neoliberal ascendency in the academy*' in part of a 'larger scalar configuration of universities competing against each other for funding, students and reputation' (The SIGJ2 Writing Collective, 2012, p. 1-2, emphasis in the original). As these competitive pressures manifest in metrics like post-graduate employment in managerial roles and the level of graduate salaries published in the Key Information Sets used to rank university departments, there are clear incentives to provide educational experiences that encourage people to participate in endeavours that reinforce and recreate capitalist common sense. If the common sense of capitalism is to be challenged, resistance to the intellectual consolidation of this common sense in educational settings can surely play a major role.

Conclusions

The paper addressed three areas in which it has been suggested Thatcherism was significant, which ranged from union legislation to financial reform. It suggested that in each of these areas the character of policy was very much in keeping with the British state's historic attempts to subordinate the interests of labour to assist capital accumulation. The significance of Thatcherism, the paper argued, lies in the means by which these goals were attempted and achieved. In the area of union legislation this involved the rejection of corporatism and the adoption of an overtly confrontational stance in relations with the NUM. In terms of macro-economic policy in general, and its micro-economic implications like the decline of the mining communities, the significance was in the emphasis on the importance of credibility and competition in a changing global context, which could in turn be legitimised because of its application across the whole economy, including in the financial sector, as the experience of de-regulation shows.

All three examples can be understood through a consideration of capital's simultaneous dependence upon both the exploitation *and* reproduction of labour power within the capitalist economy for accumulation, and its reliance on the state to provide legitimacy for the mechanisms that allow for this in its role as the political form of capitalist social relations. States have always strived for soundness in their economic policies and competitiveness for their industries. Capitalist social relations have never been national: 'The mediation of social relations through money means a complete de-territorialisation of those relations' (Holloway, 2005, p. 14). The novelty of Thatcherism is in large part its success in broadly establishing the idea that these two facts are both new and their consequences inevitable. It is from the notion of 'newness' that proponents of Thatcherite exceptionalism build their argument, and which conceals the continuity in the character of policy-making in the United Kingdom. This stems from the state's social constitution that results in it becoming the political expression of the contradictory relations of capitalist accumulation—in establishing its role as the 'committee for managing the affairs of the whole bourgeoisie' (Marx & Engels, 1985, p. 82).[ii] In demonising Thatcherism instead of recognising these more fundamental questions, the inevitability of the consequences of the capitalist mode of production become self-fulfilling.

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[ii] The notion is discussed with reference to a broader literature in political economy and in contemporary context in Bonefeld (2010).