

The liberal apocalypse: or understanding the 1970s and 80s¹

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We've just had another burst of intellectual activity around the Thatcher years. We've seen recently:

Richard Cockett's *Thinking the Unthinkable: Think-tanks and the Economic Counter-Revolution 1931-83* (Harper Collins, London, 1994);

'Mrs Thatcher and the Intellectuals', by Brian Harrison, in *20th Century British History*, vol. 5, no. 2, 1994;²

and 'Second-Hand Dealers in Ideas; Think-Tanks and Thatcherite Hegemony' by Radhika Desai in the *New Left Review*, no. 203, 1994.

Cockett, Desai and Harrison all cover some of the same ground: the rise of Thatcherism, the work of the Institute for Economic Affairs (IEA), Keith Joseph, the role of Alfred Sherman, and the foundation of the Centre for Policy Studies. Some of this will be familiar, especially to anyone who has read John Ranelagh's book *Thatcher's People*.³

Harrison surveys this largely familiar ground, discusses the numerous intellectuals who shifted from left to right during this period, before concentrating on the hostility expressed towards Mrs Thatcher personally by the university elites in this country. In the course of this Harrison offers a variety of euphemisms: Mrs Thatcher 'displayed formidable intellectual energy over a long period . . . Colleagues recognised a considerable intelligence of the specialised kind that a democratic politician needs' (p. 208); had 'an intelligence too firmly practical for the self-consciously intellectual to feel comfortable with it' (p. 222); and 'had neither aptitude nor inclination for abstract argument'. (p. 244) How galling for the universities that they should be trashed by someone who, by their standards, just wasn't very bright.

The Desai piece discusses the Mont Pelerin Society (a page and a bit), the IEA (three and a half pages) and the Centre for Policy Studies (nearly 8

¹ This was reformatted and very slightly edited in 2023.

² The 20th Century collection also contains 'Though Not an Historian Myself . . . ; Margaret Thatcher and the Historians', by Bernard Porter. Originally Porter's inaugural lecture upon taking a Chair at Newcastle University, he gently takes the mickey out of Mrs Thatcher's naive conception of history.

³ Reviewed in *Lobster* 23 at
<<https://www.lobster-magazine.co.uk/article/issue/23/thatchers-people/>>.

pages). It is not a bad account, useful particularly on the Centre for Policy Studies, some of whose personnel the author interviewed in the mid 1980s – the whole thing inevitably presented within the concepts of comrade Gramsci, within which discussion of the Right invariably seems to have to be corralled in polite Marxist circles.

Much the most important of these is the Cockett book which is unreservedly recommended to anyone interested in what happened in the 1970s and 1980s in this country. This is the most informative account of part of the background to the Thatcher years; and, read with John Ranelagh's *Thatcher's People*, provides a pretty comprehensive account of that phenomenon. Where Ranelagh's book emphasises the people and the politics, Cockett leans more towards the origins of the counter-revolution's core economic ideology. Cockett has done extensive research and come up with quite detailed histories of the IEA, the Mont Pelerin Society, the Adam Smith Institute and a host of smaller think tanks and Tory Party pressure groups, one or two of which I had not even heard of before. This is now the place to start in that field.

The book's failings

However, there are three major failings in this book if it is read – as the author intends it – as an account of the rise of Thatcherism (rather than just as a history of various liberal, free market think tanks). The first is that there is no attempt to link the ideas of the IEA, Mont Pelerin *et al* to economic forces (fractions of capital, if you will). Though such causal linkage is hard to *prove*, isn't difficult to see that the rebirth of economic liberalism, ran parallel with – I would argue was the result of – the renaissance of the City of London post 1970, under the impact of the expanding Eurobond market, and the Heath government's relaxation of financial controls over the banks.

Secondly, Cockett has little understanding of the para-political and paramilitary dimension to the counter-revolution. While he does notice that 'the various organisations involved, such as NAFF and the Institute for the Study of Conflict, all used military-style tactics and were staffed by ex-army or in a few cases, ex-intelligence personnel', and gives the Institute for the Study of Conflict (ISC) half of page 224, he is unaware of – or refrains from mentioning – ISC's intelligence role. He may not have had time to read Brian Crozier's memoir *Free Agent*, but this does not excuse such an omission. Consequently he has missed the extent to which Mrs Thatcher was, in the shorthand of the British Right, 'a patriot'; in other words, someone who accepted the conspiracy theory of 'the enemy within', in which the Soviet Union ran the CPGB, which ran the unions, which ran the Labour Party.

Thirdly, his knowledge of the political – as opposed to ideological – antecedents of Thatcherism is inadequate. On page 222, for example, he writes that ‘The Grunwick dispute . . . represented the first concerted resistance to the power of organised labour to appear in Britain since the 1930s’. But people like Edward Martell and the Economic League had opposed trade unions in the 1950s and 1960s. (Martell gets two lines on p. 127; the Economic League gets 12 lines, in the context of 1919; the Society for Individual Freedom gets none.) Cockett portrays the 1950s and 60s as entirely dominated by the Keynesian consensus, with the free market side of the argument carried only by the IEA and a handful of maverick academics. This is just not true. As Scott Newton points out in his review of Bernard Porter's book in this issue, the degree of convergence between the two main parties in the 1950s has been much exaggerated.

A selective blindness

Finally, the book has the most peculiar ending. For most of it, the author echoes the triumphalist tone adopted by the economic liberals; we were right all along, we told you so. Then on page 328 he suddenly announces:

economic liberalism would have been of enormous benefit to the country if used by governments in the 1950s, when the British economy was still strong enough to adapt and survive in a competitive international environment. As it was, economic liberalism as applied in the 1980s effectively wiped out a large part of Britain's manufacturing industry and, at the end of a decade of economic experiment and dislocation, left as many people unemployed as there were in the 1930s.⁴

So economic liberalism is only to be applied to strong economies? This is certainly not what the Heyekians believe. Cockett's intellectual confusion begins at the level of simple economic history. On page 34 he writes of

Macdonald, Chamberlain, Baldwin and Herbert Samuel – schooled in the tenets of late Victorian laissez-faire economics wait[ing] for the economic upswing to begin again . . . whilst all the time making this less likely by resorting to protectionism and spending growing amounts of public money on specific projects such as building ocean liners and on special regional assistance grants.

How does building liners and public spending make the economic upswing less likely? These are the assumptions of the economic liberals, Cockett's subject

⁴ Similar comments are made in the review of this book by Peter Clarke in *The London Review of Books*, 23 June 1994.

matter, and they are simply and demonstrably not true. What ended the great slump of the thirties was precisely huge doses of building ships (liners) etc., massive amounts of public spending on World War 2, and a form of protectionism as severe as it is possible to get, called the wartime command economy. The market did not rescue the world from slump in 1940, command economics did; precisely the kind of massive, crude, lumpen-Keynesian, deficit economics which Cockett – and his subjects – would have us believe are so disastrous.

Panic among the chattering classes

The economic liberals' peculiar view of British economic history got a grip on some people in the mid 1970s as the British economy struggled with its first taste of serious inflation since the war. For some influential members of the London intelligentsia, that inflation marked an enormous intellectual and psychological watershed. (Cockett describes this very well.) On page 187 Cockett quotes the speech of Prime Minister Jim Callaghan at the Labour Party conference of 1976 in which he made the notorious comment that 'we used to think that you could just spend your way out of a recession to increase employment by cutting taxes and boosting Government spending. I tell you in all candour that the option no longer exists and that insofar as it ever did it worked by injecting inflation into the economy.'

The speech was written by son-in-law Peter Jay, who had been converted to the liberal apocalypse message. (Callaghan never did know much about economics and was always easy meat for the orthodoxy of the City.) What was inflation between 1945 and 1970, 2-4% per annum on average? Who, in his or her right mind, would not trade off 4% inflation for full employment and 2% growth?

Vaisey's vision

Another version of the same basic perception that a great watershed had been reached in the mid 1970s was given by the former Labour Party member, education theorist and peer, John Vaisey. Cockett quotes a letter he wrote to Mrs Thatcher in 1975 in which refers to 'a quarter of a century of catastrophic government'. But hang on a minute: twenty five years before 1975 is 1950. Between 1950 and 1975 was hardly a catastrophe. Economic growth may have fallen behind the USA and some of the EEC; lots of things could have been improved. But if Britain in 1965 was not heaven on earth, nobody was living in the doorways of Oxford St and the average school-leaver went straight into a job.

How could Jay and Vaisey not notice these simple things? The inflation of the mid 1970s was caused by rising world commodity prices – notably oil – and

with a particular UK spin added by the massive inflation of the money supply in the early 1970s by the banks.⁵

Quite why this was so difficult to see is unclear to me. There was no apocalypse threatening in 1976, there was just a problem which North Sea oil revenues and Chancellor Healey were about to solve.

⁵ I tried to describe some of this in *Lobster* 27 at <<https://tinyurl.com/yckbf6wa>> or <<https://www.lobster-magazine.co.uk/article/issue/27/mrs-thatcher-north-sea-oil-and-the-hegemony-of-the-city/>>.