

Imprimis

OVER 1,600,000 READERS MONTHLY

June 2008 · Volume 37, Number 6

Margaret Thatcher: A Legacy of Freedom

John O'Sullivan

Executive Editor, Radio Free Europe/Radio Liberty



JOHN O'SULLIVAN, executive editor of Radio Free Europe/Radio Liberty, has served as a senior editor at the *London Times* and the *Daily Telegraph* and as a special advisor to former British Prime Minister Margaret Thatcher. He has also been editor-in-chief of the United Press International, editor of *The National Interest* and *National Review*, and a senior fellow at the Hudson Institute. His most recent book is *The President, the Pope, and the Prime Minister: Three Who Changed the World*.

The following is adapted from a speech delivered at Hillsdale College on May 9, 2008, at the dedication of the third statue on the College's Liberty Walk and the first statue of Margaret Thatcher to be erected in the United States.

It is a great pleasure to be back at Hillsdale. It is some 32 years since I first visited the College for a meeting of the Mont Pelerin Society. Those few days were an important education in American politics for me. The conference was attended by many people who had just returned from the Republican Convention at which President Ford had narrowly defeated Ronald Reagan. They were full of enthusiasm for Reagan and full of conviction that one day he would become president. Their enthusiasm—and their passion too for sound doctrine—swept me along. I think I became a firm Reaganite at that conference here in Hillsdale. And I have never had cause to regret my conversion.

I was already “a Thatcherite of the first hour,” to use Gaullist terminology. Indeed, along with Ralph Harris, Arthur Seldon, Keith Joseph, and such distinguished alumni of that Hillsdale meeting as Madsen Pirie and Stuart Butler, who went on to found the Adam Smith Institute in London in the late 1970s—well, we all have a good claim to have been Thatcherites even before Lady Thatcher. Most of the intellectual groundwork for what became Thatcherism was done in places like the Institute of Economic Affairs, the Adam Smith Institute, the Center for Policy Stud-

ies, the Mont Pelerin Society—and Hillsdale College.

But I have to add some words from Lady herself when someone made the same claim in her presence: “The cock may crow, but it’s the hen that lays the eggs.” We couldn’t have implemented those ideas of freedom without her courage, leadership, stamina, and commitment to those same ideas. So it is fitting that Hillsdale College should be erecting a statue to Lady Thatcher—you were allied with her in the same cause of freedom long before she became a personal friend of the college.

I congratulate the sculptor, Bruce Wolfe, on his magnificent achievement. Not only is it a superb likeness of Lady Thatcher at the apogee of her political authority, but it also captures the extraordinary energy that she always projected—even when, as here, seated in a comfortable armchair. I will be especially nervous delivering these remarks today, feeling that Herself is seated just behind me and likely to catch me out in some error.

It is, finally, a great pleasure to be here under the gavel, so to speak, of your President Larry Arnn. I first met Larry at the dinner table in London of the late Peter Utley, a great conservative journalist, who was another Thatcherite of the first hour. While I was learning Reaganism in Hillsdale, Larry was learning Thatcherism in London, in both cases from the best possible teachers. In the end, of course, Reaganism and Thatcherism are the same Anglo-American conserva-

tive philosophy of ordered liberty applied in somewhat different national circumstances.

That is why Thatcher and Reagan were such a natural and successful partnership. They did not always look like a natural partnership, however. One acute and well-placed observer, Sir Percy Cradock, who served as Lady Thatcher’s foreign policy advisor in Downing Street, pointed to some very sharp differences between them in the following contrast: “the bossy intrusive Englishwoman, lecturing and hectoring, hyperactive, obsessively concerned with detail” and “the lazy, sunny Irish ex-actor, his mind operating mainly in the instinctive mode, happy to delegate and over-delegate, hazy about most of his briefs, but with certain stubbornly held principles, a natural warmth, and an extraordinary ability to communicate with his constituents.”

That sounds like criticism. And recent

Reagan scholarship suggests that the president was somewhat less lazy and delegation-happy than he liked people to think. But in fact, Sir Percy was an admirer of the partnership as well as one of its close advisors. As he went on to say, these different personalities complemented each other very well. They were not oil and water, but oil and vinegar—no prizes for guessing who was which—and not entirely by accident. Both were determined to make the partnership work. Both shared the same essential philosophy. And both were prepared to back each other up in public even when they differed in private—almost all of the time, at any rate.

Imprimis (im-pri-mis),
[Latin]: in the first place

EDITOR

Douglas A. Jeffrey

DEPUTY EDITOR

Timothy W. Caspar

COPY EDITORS

Monica VanDerWeide
Jeremy Young

ART DIRECTOR

Angela Lashaway

PRODUCTION MANAGER

Lucinda Grimm

CIRCULATION MANAGER

Patricia A. DuBois

STAFF ASSISTANTS

Wanda Oxenger
Kim Tedders
Mary Jo Von Ewegen

Copyright © 2008 Hillsdale College

The opinions expressed in **Imprimis** are not necessarily the views of Hillsdale College.

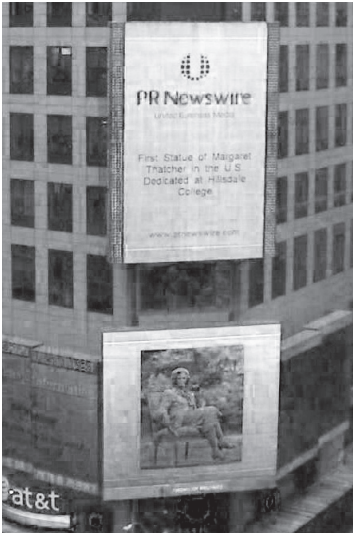
Permission to reprint in whole or in part is hereby granted, provided the following credit line is used:
“Reprinted by permission from **Imprimis**, a publication of Hillsdale College.”

SUBSCRIPTION FREE UPON REQUEST.

ISSN 0277-8432

Imprimis trademark registered in U.S. Patent and Trade Office #1563325.





Left: A photo with the headline “First Statue of Margaret Thatcher in the U.S. Dedicated at Hillsdale College” appears on the Reuters Newswire sign in New York City’s Times Square. Right: Sculpted in bronze by Bruce Wolfe and made possible by a gift from the Patricia and William E. LaMothe Foundation, the statue of Lady Thatcher stands over six feet in height.

Winning the Cold War

Now I shall not devote this speech entirely to the Cold War partnership of Thatcher and Reagan. You know most of that story from the American end. Besides, its essence can be summed up in Lady Thatcher’s own tribute to the President: “Ronald Reagan won the Cold War without firing a shot.” But she added a little coda too: “Not without a little help from his friends.”

That summarizes the truth very crisply. Reagan’s friends in this cause included Pope John Paul II, Lech Walesa, Helmut Kohl, Vaclav Havel, Italy’s Francesco Cossiga, arguably Mikhail Gorbachev (who has ever since referred to “my friend Ron”), and the peoples of Eastern Europe and the Soviet Union. All those friends were important and all played crucial roles in restoring freedom to the “captive nations.” But Margaret Thatcher was the most consistent, the most outspoken, the most determined, and the most reliable friend to Reagan and the United States in this final climactic struggle with totalitarian communism.

She matched Reagan’s military build-up with a strengthening of Britain’s defense forces.

She was the strongest voice in Western

Europe protesting against the Soviet-ordered imposition of martial law against Solidarity in Poland.

She fought a war to evict the Argentinians from the Falklands—a war that not only showed the fighting spirit of the British forces but also compelled the Soviets to accept that the West would fight to defend itself.

She supplied Blowpipe missiles to the Afghan resistance that gave Reagan the incentive and justification to insist that American intelligence agencies should supply them with the more effective Stinger missiles.

She prevented—it was almost her last political act of importance—she prevented the European Union from accepting the legitimacy of the Soviet incorporation of the Baltic countries inside its multi-national Gulag.

Above all, she rallied the Europeans to ensure the installation of U.S. missiles in Western Europe to match the Soviet planting of SS-20s in the Soviet satellites.

Let me give one example of the many times she acted to stiffen the spines of Western European governments either weakened by the leftward drift of their social democratic parties or frightened by the massive anti-installation rallies of the so-called “peace movement.” West Germany’s Helmut Schmidt—another

friend of America's and a strong anti-communist—was losing the battle to keep his left-leaning SDP from opposing the installation of U.S. missiles. He asked Thatcher if she would take some of the missiles that West Germany had originally accepted in addition to those taken by Britain. She agreed to do so. Both Schmidt and the installation policy were able to survive for another day. In the end, such strong leadership ensured that the missiles were installed across Western Europe in 1984—Germany fully included after Helmut Kohl replaced Schmidt.

This was a decisive defeat for the Soviet Union in the Cold War. They lost their long-cherished hope of being able to employ nuclear blackmail against NATO and to split the Atlantic alliance. They walked out of the Geneva arms control negotiations in protest. But they had to walk back in a little later, and later still in the Geneva, Reykjavik, and Washington summits, they had to swallow disarmament treaties that essentially demolished their military threat to Western Europe. The collapse of communism occurred only a few years later.

Today we forget how quickly the Reagan-Thatcher partnership vanquished communism. Thatcher took office in May 1979 and Reagan in January 1981. They had won power precisely because the voters of the West were worried about the breakdown of their societies and the remorseless advance of the Soviets and their allies—in Southeast Asia, in southern Africa, in Afghanistan, in Central America. Yet by 1982-83 they had stabilized their own societies and begun the military and economic challenge to the Soviets in earnest. In 1982, a senior Politburo official wrote in his diary that the Soviets faced an ideological and economic offensive that they had no idea how to counter. If things continued as they were going, he wrote, there would be what he called “a Polish Russia” in ten years—i.e., the same implosion of communism inside the Soviet Union that had occurred inside Poland.

Neither Thatcher nor Reagan realized that the Soviet system would collapse as quickly as it did. What they did realize, however, was that it was a dying system.

As the Prime Minister was being driven to the London airport on her way to Soviet Premier Yuri Andropov's funeral, Robin Butler, the most senior civil servant in attendance, noticed that she was wearing high-heeled court shoes. Would she be attending the funeral, he asked, in those shoes? Yes? In that case he insisted on diverting the car to a shoe shop where she could buy a pair of fleecy fur-lined boots—the only footwear suitable to a Politburo funeral that would involve standing for hours in a sub-freezing Red Square.

Having bought the boots, Thatcher complained to Butler about their exorbitant price all the way to Moscow.

The next day was as Butler had predicted. Thatcher had to stand for hours in the cold. After the burial, she paid a brief courtesy call to drink a glass of champagne and to shake hands with Andropov's successor, Konstantin Chernenko, at the Kremlin wake. She then returned to her limousine for the drive back to Moscow airport. No sooner had she settled onto the limo's cushions than she apologized generously to Butler.

“Robin, I should never have made such a fuss about the price of those boots,” she said. “When I saw Chernenko in the receiving line, I realized at once that they were a sensible investment.”

It was a dying system—but it might have taken forever to die of its own accord. Its death was an assisted suicide. Without Reagan and Thatcher standing by the bedside, quietly turning off the feeding tubes, the Soviet empire might have survived another few decades, with huge costs in ruined and oppressed lives and needless arms spending. That it ended within a decade of their elections—and that it ended, unlike most empires, peacefully and without vast bloodshed—is due in large part to Lady Thatcher's combination of strategic firmness and diplomatic flexibility.

Restoring the Vigorous Virtues

Owen Harries, the distinguished Australian editor of the *National Interest* maga-

zine, once remarked to me that Thatcher would probably be regarded by history as more important than Reagan when it came to economic reform. That seems a shrewd judgment to me. And I would hazard the following reasons for it.

First, the recovery of the British economy in the 1980s was more impressive than America's revival because it started from a lower economic point and occurred in a more left-wing country. Jimmy Carter might have been moderately efficient at ruining an economy, but he was no match for 50 years of socialism and Labour government.

Second, Thatcher had harder opposition to overcome. Her labor market deregulation had to run the gauntlet not only of Labour MPs, but also of timid Tories.

Third, even after passing into law, her labor and economic policies had to survive major non-parliamentary challenges from the labor unions, notably the 1984–85 miners strike. This was a hard-fought battle, but it was also a victory for Thatcher as important in domestic politics as the Falklands War was in foreign policy. It removed the last lingering, nervous fear of both the voters and the markets that labor unions could render Britain ungovernable and the elected government impotent. And it weakened the extreme left everywhere, including in the Labour Party, by demonstrating that its trump cards amounted to a busted flush. Though Labour took some years to realize the fact, Thatcher's victory entrenched her economic and labor reforms as the new consensus of British politics.

Once that happened, as Harries pointed out, the British economy began its long boom, combining economic growth with price stability. Loss-making industries were closed down or reduced in size. Manufacturing industries shed labor, often while increasing output, as they restructured to meet foreign competition. New companies or entrepreneurs from academic and non-industrial backgrounds established new industries in the financial services, information, and high-tech sectors. Privatization transformed inefficient state-owned industries into dynamic

private sector enterprises. New financial instruments allowed entrepreneurs to take over sluggish low-earning companies and put their assets to more profitable uses.

In general, Thatcher's British economy, like Reagan's revived U.S. economy, was characterized by change, profitability, growth, the better allocation of resources (including labor), and the emergence of new industries—indeed of an entirely new economy—based on the information revolution.

Allied with these reforms was the spread of capital ownership. Thatcher had drawn the battle lines with Labour in a 1987 election speech: "Labour believes in turning workers against owners; we believe in turning workers into owners." Two-thirds of Britain's state-owned industries were sold to the private sector, resulting in more efficient industries and wider capital ownership. Between 1979 and 1989, the proportion of the British public owning shares rose from seven percent to fully one-quarter. And more than a million people bought their own homes from often reluctant local authorities.

There was a social side to this economic liberalization too. And this was more significant in Britain than in the U.S., which has long had a strong enterprise culture under governments of both parties. Here is Thatcher's Finance Minister, Nigel Lawson, pointing out some of the signs of a growing enterprise culture in Britain:

For many years there was an average increase of 500 new firms per week—after deducting closures. There was a rise from little more than one million to over three million in the number of self-employed. The UK venture capitalist industry, which scarcely existed when we first took office, had by 1985 become twice as large as its counterparts in the rest of the European Community taken together.

I would underpin this with an example from my own life. When I graduated in 1964, there was not a single member of my graduating class who intended to start his own business. They all wanted to become

trainee managers at large corporations such as Imperial Chemical Industries and Metal Box. Twenty years later, at the height of the Thatcher revolution, half the science graduates of Cambridge intended to start a software company and half of the graduates of the Royal College of Arts became famous fashion designers within weeks of putting out their shingles.

All these changes were a revival of what Shirley Robin Letwin, the distinguished Anglo-American political theorist, called the “vigorous virtues” in her important study of Thatcherism. These are such qualities as self-reliance, diligence, thrift, trustworthiness, and initiative that enable someone who exhibits them to live and work independently in society. Though they are not the only virtues—compassion might be called one of the “softer virtues”—they are essential to the success of a free economy and a civil society, both of which rely on dispersed initiative and self-reliant citizens.

That transformation did not stop at the Atlantic’s edge. Thatcher (and Reagan) also changed the world economy by virtue of the demonstration effects of Reaganism and Thatcherism. They had provided the world with successful models of free and deregulated economies.

These demonstration effects were similar but not identical. Tax cuts were America’s principal intellectual export; privatization was Britain’s.

Of the two, privatization was the more important globally, since the Third World and post-communist economies were encumbered with a vast number of inefficient state industries. Privatization expertise became one of the City of London’s most profitable services over the next two decades. Even the Soviets and Western European communists were forced to change course by the widespread adoption of privatization internationally—and also by the equally widespread acceptance of the market logic behind it.

In the Politburo archives I found this unwitting tribute to Lady Thatcher in a 1986 conversation between Gorbachev and Alexander Natta, the General Secretary of the Italian Communist party:

Natta: At the same time we, the communists, having either overestimated or underestimated the functions of the ‘welfare state,’ kept defending situations which, as it became clear only now, we should not have defended. As a result, a bureaucratic apparatus, which serves itself, has swelled. It is interesting that a certain similarity with your situation, which you call stagnation, can be seen here.

Gorbachev: ‘Parkinson’s law’ works everywhere. . . .

Natta: Any bureaucratization encourages the apparatus to protect its own interests and to forget about the citizens’ interests. I suppose that is exactly why the Right’s demands of re-privatization are falling on a fertile ground in Western public opinion.

Once the command economies of the Soviet Bloc collapsed in 1989, revealing the extraordinary bankruptcy of state planning, it was the Thatcher model that the new democracies mainly sought to emulate.

Lady Thatcher became a hero to these new societies. But when she visited them, her message was political as much as economic: It was that they should treat the rule of law as being vital to both democracy and market freedom. Her message was one of ordered liberty.

That is a battle she believes has yet to be won—and in some cases even fought—by the conservative side.

Reviving Ordered Liberty

When Lady Thatcher revived the British economy, she was reviving profound social virtues that the British had once exemplified to the world—the Thatcherite “vigorous virtues” described above. In 1979, they seemed utterly destroyed by 50 years of statism and socialism. In fact, they had merely been driven underground by gov-

ernment over-regulation and intervention.

As James C. Bennett has observed, it took only a few years of Lady Thatcher's application of free market solutions for these virtues to become vigorous again. Once that happened, it took only a few more years for those revived virtues to transform Britain from the sick man of Europe into the world's fourth largest economy.

Deep social patterns can rarely be extirpated altogether. Cultural transformations of nations and societies imposed by governments nearly always fail in the long run. The old ways only look dead; in reality, they are merely dormant. They are the resources of our civilization and they can be revived to meet new challenges.

If Lady Thatcher demonstrated that truth in matters economic, she believes today that the resources of the Anglo-American political tradition of ordered liberty are not exhausted either. She believes that the virtues of that tradition—dispersed authority, open debate, popular sovereignty, spontaneous social evolution—are not dead, merely dormant. Indeed, they are flourishing in those new democracies, such as Estonia and Poland, where they have been introduced since 1989 (and where economic success is far more obvious than in countries that have clung to more centralized models). They are flourishing too in the English-speaking world outside Britain—notably in the U.S., Australia, and a reforming India. And they offer the best hope for Third World countries emerging from poverty and backwardness into a world of globalized opportunities.

Ironically, however, these virtues are threatened in Britain by growing statist regulation under New Labour; by the nation's absorption into a European political structure built upon a very different tradition of constructivist rationalism; and by the failure of many conservatives to see the dangers in a European and global governance that lacks democratic accountability and threatens

liberal freedoms.

Lady Thatcher could well afford to ignore these threats and spend her declining years in pleasant social activities. She has earned her rest. And sometimes her friends manage to compel her to enjoy herself. Yet she doesn't really enjoy enjoying herself. And until her doctors finally put their collective foot down, she devoted much of her retirement to writing books, such as *Statecraft*, that apply the lessons of ordered liberty to the new circumstances of a globalized world.

Her new message is a kind of international Thatcherism. She believes ordered liberty to be a better system than constructivist rationalism for nations as well as for individuals. She believes in international cooperation between sovereign nation-states rather than global governance by transnational institutions. In particular, while urging a warm relationship with continental Europe, she proposes that Britain should regain and exercise its sovereign independence in a wider commonwealth of English-speaking peoples.

These are controversial views. But they may also be prophetic. The British people adapted with surprising speed and success to the restoration of their economic liberties in the 1980s. Today they are plainly uncomfortable in the bureaucratic structures of a Europe constructed upon an alien political tradition. Freed from these stifling political constraints, they might flourish independently yet again.

Of course, Lady Thatcher does not expect this will happen in her lifetime. But she didn't believe she would live to see the end of the Soviet empire either. And the lesson of her whole life is: If you don't try, you won't succeed; but if you do try, you cannot imagine how successful you might be.

A bringer of hope and a messenger of freedom, Margaret Thatcher would be at home at Hillsdale College as much as her statue will undoubtedly be. ■



HILLSDALE COLLEGE
PURSUING TRUTH · DEFENDING LIBERTY SINCE 1844

DID YOU KNOW?

The statue of Margaret Thatcher dedicated this May is the third in a series of statues that will form a Liberty Walk on the Hillsdale College campus. A statue of George Washington was dedicated in 2003, and one of Winston Churchill in 2004. A statue of Thomas Jefferson will be dedicated later this year.