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## **THATCHERISM AS A SUCCESSFUL AND IMPORTANT CASE STUDY OF ECONOMIC DECISIONS**

Thatcherism is an economic and political concept that has become a significant phenomenon in the history of the United Kingdom and the world. Named after Prime Minister Margaret Thatcher, also known as the 'Iron Lady', this approach encompasses a series of radical economic reforms that completely changed the landscape of the British economy in the 1980s. From the privatization of state-owned enterprises to tax cuts and market deregulation, Thatcherism contributed to restoring economic stability and forming a new financial order. In this short article, I will outline the main elements of these policies, their impact on the British economy, and their significance as a successful case of economic decision-making that has influence and can serve as an example for other countries today, including Ukraine.

To better understand the full role of this policy, it is necessary to add the historical context in which it took place. In the 1970s, the U.K. faced high inflation, stagnation and unemployment. The economy was uncertain, which led to a decline in production and an increase in public debt. At the same time, the influence of trade unions grew significantly during this period, leading to frequent strikes and economic paralysis. Thatcher became prime minister of the Conservative Party in 1979 after a long period of Labour rule, which failed to overcome financial difficulties. We also need to consider Margaret's personal views; they supported neoliberalism and believed it was a means to stimulate economic growth.

Given the above challenges, the Iron Lady launched reforms to curb inflation, including raising the key interest rate. When she took office in

May 1979, the interest rate was 12%; in June, it rose to 14%; in November 1979, it was 17%, which worked [1]. Initially, in 1980, the inflation rate rose from about 13.4 percent in 1979 to almost 18 percent, but by 1983, it had fallen to 4.6 percent [2]. As expected, the fight against inflation led to massive unemployment: from 5.5% in 1979 to 11.9% in 1984 [3], which in turn caused serious social consequences, including strikes, protests, and social tensions, but in the end, this policy became the key to the U.K.'s economic growth. Another measure to curb inflation was the reduction of public spending on various social sectors, such as education and healthcare. The next step in the reforms was to change the level and approach to taxation. Under the previous Labour government, there was a high-income tax rate for those with high incomes. Thatcher gradually reduced income tax – the basic rate fell to 25%, while the top rate was cut from 83% to 40%. As for indirect taxes, they increased on the contrary. For example, VAT increased from 8% to 15% [4]. Margaret Thatcher was a supporter of neoliberalism, and she believed that the state should minimize its interference in the economy. In particular, state-owned enterprises that had been nationalized during the Second World War should be transferred to private hands. Thus, their efficiency and competitiveness would increase significantly, so the next step in her reforms was to privatize state-owned industries, including British Telecom, British Gas, British Aerospace, Britoil, Jaguar, British Airways, and electricity companies, returning them to private hands. The focus was shifted to the privatization of major utilities [5]. Special programs allowed ordinary citizens to buy shares in state-owned companies at reduced prices. Simultaneously with privatization, Thatcher introduced reforms in the financial sector, which contributed to the growth of investment and market development; in particular, she simplified the participation of foreigners in the U.K. stock market, which made London one of the leading financial centers not only in Europe but also in the world, as it became easier and more promising to invest.

Although these reforms had a positive impact, social tensions and criticism of the Thatcher government grew due to increasing inequality: a widening gap between rich and poor, rising unemployment, which hit

some sectors particularly hard, and problems with access to services. In addition, Margaret actively opposed the trade union movement, often leading to strikes and protests. For example, the miners' strike in 1984–1985. It had a rather tough stance on reducing the influence of trade unions and closing down unprofitable mines, which caused social conflicts. Therefore, critics point out that Thatcher's policies contributed to the deterioration of working conditions for many workers and the decline of old industrial regions such as Northern England, Scotland, and Wales. The Iron Lady also significantly cut funding for social programs, including healthcare, education, and housing subsidies, as part of her public spending cuts, which worsened the population's living standards, especially the poor.

Margaret Thatcher's policy was aimed at substantial reform of the U.K. economy through deregulation, privatization, and cuts in social spending. It can be argued that these measures worked and achieved the desired result in terms of stemming inflation and increasing the country's competitiveness and economic growth. Still, at the same time, they contributed to increased social inequality, unemployment, and social tensions. People without government assistance received ample opportunities and favorable conditions for investing and earning money, but the disadvantaged were not prepared for such changes. Despite the ambiguous outcome, it can be argued that Thatcherism is an important case study for economists around the world, an example of successful privatization and deregulation, which would be helpful to for Ukraine to adopt. It was Thatcherism that shaped the United Kingdom as we know it today.

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