



STUDY GUIDE

MARGARET THATCHER: THE WOMAN WHO SAVED GREAT BRITAIN

KEY TERMS: politics Parliament Thatcherism
Soviet Union privatized Cold War

NOTE-TAKING COLUMN: Complete this section during the video. Include definitions and key terms.

In 1975, what was the inflation rate in Britain?

What did Margaret Thatcher consider the 'British inheritance' to be?

What was Prime Minister Thatcher's reasoning for sending the Royal Navy to the Falkland Islands when Argentina invaded the islands?

CUE COLUMN: Complete this section after the video.

What about Great Britain needed to be 'saved' by Prime Minister Thatcher?

By what means did Prime Minister Thatcher save Great Britain?

DISCUSSION & REVIEW QUESTIONS:

- At the beginning of the video, Professor Ferguson contends that, “If you think the world is a mess now, that just means you weren’t around in the 1970’s. In Britain, where I grew up, the low point was known as ‘the winter of discontent,’ a line borrowed from Shakespeare’s Richard III. The inflation rate in 1975 was 27 per cent. The trains were always late. The payphones were always broken. Nothing worked. Worst of all were the recurrent strikes. Strikes by coal miners. Strikes by dockers. Strikes by printers. Strikes by refuse collectors. Strikes even by gravediggers. It felt as if there was no way back.” Why do you think that Britain was such a mess back then? Explain. Why do you think that people such as Professor Ferguson felt ‘as if there was no way back?’ Explain.
- After Professor Ferguson shares some personal history of Margaret Thatcher leading up to her time as a politician, he explains that, “As early as 1975 Thatcher had come up with a wonderful line about the opposition Labour Party: ‘They’ve got the usual Socialist disease- they’ve run out of other people’s money.’ This she contrasted memorably with what she called ‘the British inheritance’: ‘A man’s right to work as he will, to spend what he earns, to own property, to have the State as servant and not as master ...’” What do you think Ms. Thatcher meant by her line about the Socialists ‘running out of other people’s money?’ Explain. What factors do you think helped to shape Ms. Thatcher’s values- including the notion of a ‘British inheritance?’ Explain.
- Professor Ferguson points out that, “It is fashionable nowadays to argue that there was no Thatcher miracle in the 1980s. Not only is that demonstrably false, it misses an essential point. Thatcherism wasn’t just about raising productivity or creating jobs. Just as important was the goal of defeating inflation and restoring prosperity to the middle class. This it emphatically achieved.” Why do you think that some people deny that Prime Minister Thatcher was responsible for turning Britain around during her tenure in office? How do you think that Prime Minister Thatcher knew to focus so heavily on lowering inflation and helping the middle class in order help Britain prosper economically and to be so successful again? Explain.
- Later in the video, Professor Ferguson notes that, “It is still terribly hard for those who opposed her to admit it, but Margaret Thatcher was right about most things. She was right that the British trade unions had become much too powerful. She was right that inefficient nationalized industries had to be privatized. She was right that the West could win The Cold War.” Do you think that Prime Minister Thatcher was right to reduce the power of the trade unions? Why or why not? Do you think that Prime Minister Thatcher was right to privatize many industries that had previously been run by the government? Why or why not? Considering that such overwhelming, tangible evidence exists to prove that Prime Minister Thatcher was right about so many things, why do you think that some people still refuse to give her credit for the positive outcomes directly linked to her sound leadership? Explain.
- Towards the end of the video, Professor Ferguson concludes that, “She [Prime Minister Thatcher] cured the economy of the diseases of inflation and industrial unrest. She revived the idea of a property-owning democracy. And, with her courageous and principled foreign policy, she restored Britain’s standing in the world.” What exactly do you think that Professor Ferguson means by the phrase ‘restored Britain’s standing in the world?’ Explain. Do you agree that Prime Minister Thatcher did indeed restore Britain’s standing in the world? Why or why not?

EXTEND THE LEARNING:

CASE STUDY: The British Economy

INSTRUCTIONS: Read the article “How Margaret Thatcher Turned Great Britain’s Labor Markets Around,” then answer the questions that follow.

- What will part of Prime Minister Thatcher’s legacy be, in terms of British labor markets and the labor union movement? What were British labor unions like when Ms. Thatcher first became Prime Minister? What were they like 11 years later when Ms. Thatcher left office? What can be partially credited with today’s British economy being more vibrant and dynamic? What did Ms. Thatcher’s Conservative Party describe during the 1979 election? What was the first task in the Conservative Party’s platform? Why did Prime Minister Thatcher believe that the labor laws needed to be reformed? How many worker years of production did the British economy lose during the 1970’s from strikes and work stoppages? After Prime Minister Thatcher’s reforms, how did the percentage of lost production due to strikes compare to that of the 1970’s? What did Prime Minister Thatcher’s reforms of the 1980’s include? How did those reforms affect the British economy? Compared to what it was like prior to her service as Prime Minister, what was the British economy like when Prime Minister Thatcher left office, and why? What did Prime Minister Thatcher’s labor market policies and reforms help the British economy to slowly do? What is the legacy of Prime Minister Thatcher’s labor market policies and reforms?
- One of the myriad reasons that Margaret Thatcher was such a great leader was that she stuck to her clear principles, and her policies followed from those principles. Do you think that it is still possible for any leader in the Western world to do that in today’s political climate? Why or why not? Considering Prime Minister Thatcher’s undisputable success in utilizing Conservative principles to drastically improve Britain’s economy, why do you think that opposition still exists to her party and to her principles? Explain.
- Do you agree with Professor Ferguson’s main point that Thatcherism saved Britain? Why or why not?



QUIZ

MARGARET THATCHER: THE WOMAN WHO SAVED GREAT BRITAIN

- 1. In Britain, the inflation rate in 1975 was _____.**
 - a. 7%
 - b. 17%
 - c. 27%
 - d. 37%

- 2. In what year did Margaret Thatcher first enter Parliament?**
 - a. 1950
 - b. 1953
 - c. 1957
 - d. 1959

- 3. As early as 1975 Margaret Thatcher characterized the Labour Party by stating, “They’ve got the usual Socialist disease—they’ve run out of other people’s money.”**
 - a. True
 - b. False

- 4. What were some of the significant tenets of Prime Minister Thatcher’s ‘British Inheritance?’**
 - a. a person has a right to work as she/he wills
 - b. a person has a right to own property
 - c. a person has a right to have the State as servant and not as master
 - d. all of the above

- 5. Prime Minister Thatcher was right that _____.**
 - a. the British trade unions had become much too powerful
 - b. inefficient nationalized industries had to be privatized
 - c. the West could win The Cold War
 - d. all of the above



QUIZ - ANSWER KEY

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<https://www.forbes.com/sites/modeledbehavior/2013/04/09/how-margaret-thatcher-turned-great-britains-labor-markets-around/#571b3774591d>

Apr 9, 2013, 12:30pm

How Margaret Thatcher Turned Great Britain's Labor Markets Around

[Adam Ozimek](#) Contributor



Former British Prime Minister Margaret Thatcher (Photo credit: Wikipedia)

*This is a guest post by **Stephen Bronars**, a Senior Economist at Welch Consulting, Adjunct Professor of Economics at Georgetown, Ph.D. in Economics from University of Chicago, opinions are his own.*

Margaret Thatcher was one of the most influential leaders of the 20th Century. She was Prime Minister of Great Britain for eleven years and was probably the most important leader of the conservative movement of the 1970's and 1980's. Among her many accomplishments, part of her legacy will certainly be her role in the transformation of British labor markets and the labor union movement. When Mrs. Thatcher became Prime Minister in 1979, British labor unions were quite powerful but labor markets were rigid, inflexible and in many ways uncompetitive. By the time Mrs. Thatcher left office in 1990, the labor union movement

had been substantially weakened. Today's British economy is more vibrant and dynamic in part due to the labor union reforms of the Thatcher government.

During the 1979 election, Thatcher's Conservative Party described a five point plan for the country. The first task in the Conservative Party platform (Manifesto) was restoring "a fair balance between the rights and duties of the trade union movement." It was Thatcher's view that British labor laws were in need of reform because "militant" pro-union legislation enacted by the Labour Party had allowed unions to bargain for wages and working conditions that made British firms uncompetitive in an increasingly global economy. Mrs. Thatcher also believed that labor laws encouraged unions to use strikes and work stoppages "as a weapon of first rather than last resort" and led to "increasingly bitter and calamitous industrial disputes."

During the 1970's, the British economy lost almost 62,000 worker years of production from strikes and work stoppages due to labor disputes. The British rate of lost production due to strikes and work stoppages was about 150% higher than in the United States during the 1970's. By the 1990's, after the Thatcher government reforms, lost production due to strikes were less than 5% of the levels in the 1970's. In fact, during the 1990's, lost production due to strikes and labor disputes were 22% lower in Britain than in the United States (relative to the size of the countries' labor forces) and remain lower to this day.

Labor union reforms did not come easily. The coal miner's strike of 1984-1985 was long, bitter and violent. The global recession in the early 1980's hit Great Britain especially hard. The British unemployment rate remained above 10% for six years from 1982 through 1987 and peaked at 11.8% in 1984. The employment to population ratio of men age 16 to 64 fell by 10.3 percentage points between 1979 and 1983 (compared to 5.1 percentage points in the U.S.).

The Thatcher government's union reforms of the 1980's included limits on closed union shops, secret ballots, and a ban on "secondary" picketing, weakened labor unions and led to a decline in union membership. These reforms also improved the flexibility and competitiveness of the British economy. By 1990 the employment to population ratio for adult men had regained about half of the losses incurred during the recession and the unemployment rate had fallen to 7.1%. When Margaret Thatcher left office in 1990 the economy was in a much stronger position than a decade earlier and British labor markets were better able to adapt to the technological changes and increasing globalization that have occurred in the subsequent 23 years.

While the U.S. economy and labor market recovered more quickly and decisively from the recession in the early 1980's, recent history has been somewhat different. The employment to population ratio, for men and women, has been higher in Great Britain than in the U.S. since 2002 and the gap is widening.

Since 2008 employment relative to population has declined twice as much in the U.S. as in Britain. This is the opposite of the cross-country differences observed in the early 1980's, before labor union reforms had been implemented.

Margaret Thatcher was one of the great leaders of the 20th century. Her labor market policies and reforms slowly helped the British economy become more flexible, dynamic and competitive. The legacy of her labor market policies and reforms is that, unlike the 1980's, the employment situation in Great Britain has generally been stronger than in the U.S., both during and after the recession of 2008.