The determinants of thatchers economic policy
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Abstract

Research objective: The purpose of the article, is to determine what economic policy instruments M. Thatcher used in her economic activities, and indication which of the analyzed institutions in the light of New Institutional Economic theory (North, 2019) are factors of public acceptance of Thatcher's liberal - conservative reforms in United Kingdom and contributed to the re - election of her cabinet in 1983 and 1987.

Methodology: To expose the impact of specific national formal institutions of a historical nature (not created by M. Thatcher's policies), and informal institutions, including the isolation of endogenous and exogenous factors determining the success of M. Thatcher, analysis of data from sources such as: IPSOS Political Monitor, IPSOSS MORI, Index of Economic Freedom, the Leadership capital index was used. In addition, key literature on the subject, as well as commentaries by experts on the life and work of M. Thatcher, were used for this discussion.

Main conclusions: It is worth noting that elections in the UK are generally endogenous (Dubois, 2016). During the period of Thatcher's re - election, the institutional imbalance was compensated by the specificity of the British political system. Thatcher's performance was determined by the temporal matching of formal and informal institutions.

Application of the study: The article is intended for students of economics and all for whom the style of doing economic policy is important and its limitations.

Originality/Novelty of the study: The novelty of the study is a look at Thatcher's policy from the perspective of NIE. Therefore, it can be the basis for contemporary analyzes of the conduct of economic policy by R. Sunak's Conservative Party.

INTRODUCTION

Thatcherism is a moral philosophy, a concept of morality, it is a neoliberal economic policy, it is a liberal - conservative concept, liberal conservatism, a doctrinal foundation of the night - watchman state. There is no “golden” perfect definition of Thatcherism. Thatcherism itself represents a significant distinction for M. Thatcher. The British tip ism – testifies to its special position in the history of this country (Harris, 1988). This article presents a look at the economic policy pursued by M. Thatcher from the perspective of selected elements of institutional economics. The concepts of the formal and informal institutions seems particularly interesting. D.C. North points out that: “institutions are humainly devised constraints that structure politicaeconomic and social interaction They consists of both informal constraints (sanctions, taboos, customs, traditions, and codes of conduct), and formal (laws, property rights)” (North, 1991). The group of formal institutions currently includes institutions of power and the judiciary, political (and judicial) rules, economic rules, and contracts. Their functions are performed by specialized organizations (Chotkowski, 2010). The hierarchy of such rules, from constitutions, to statute and common laws, to specific bylaws, and finally to individual contracts defines constraints, from general rules to particular specifications (North, 1991). Formal institutions can change dynamically, informal ones evolve extremely slowly. Where do informal constraints come from? They come from socially transmitted information and are a part of the heritage that we cali culture (North, 1991). Defining institutions as moral, cultural, legal norms accepted and recognized by society as appropriate, it is necessary to point out the distinction between formal and informal institutions, which is crucial for this consideration. Creating an efficient system requires the elimination of contradictions between formal and informal institutions and the achievement of institutional balance (Gruszewska, 2017). North claims that “Broadly speaking, political rules in place lead to economic rules, though the causality runs both ways. That is, property rights and hence individual contracts are specified and enforced by political decision - making, but the structure of economic interests will also influence the political structur” (North, 1991). The most important function of effective institutions is to reduce transaction costs (Owczarcuk, 2017). It can generally define these costs as the costs of social coordination or the costs of functioning of the economic system, i.e. the costs associated with the transfer of property rights from one exchange participant to another (Chotkowski, 2010). The research question concerns the phenomenon of support for Thatcher. The liberal economic policies are usually viewed negatively by the public and treated as a “loss” of, for example, vested social rights: “Voters are, by definition, more likely to vote for policymakers during whose rule their economic situation has improved” (Bochenek, 2016; Paczes, 2015).

In general, “Parties formulate policies to win elections, not win elections to formulate policies” (Dubois, 2016). From this idea, it is worth considering one element: what politicians offer the public in exchange for winning. Hence, the liberal model of governance is difficult to implement in practice. Economic historian R. Cameron pointed out that the night watchman state model is a postulated normative model (Cameron, 2010). M. Thatcher has shown that it can be put into practice. Thus,
the relevant question seems to be how it happened that Prime Minister Thatcher, as the author of strongly socially unattractive, “at first glance” anti-populist ideas in a social context, scored highly in the two re-elections of 1983 and 1987. Can we talk about the influence of informal institutions in this case? M. Thatcher chose to curb inflation as her main goal, even at the price of rising unemployment. A sharp rise in unemployment is considered a highly socially unattractive action. Just like her actions in the fiscal sphere, the reduction of the public administration or the 30% cut in raises for ministers and MPs (Zalewski, 1985). Added to this is the “fight against trade unions,” which held an extremely prominent position in British society. She therefore made highly unpopular decisions. In the sphere of formal institutions, legislative dynamism was evident under her rule. M. Thatcher won on the wave of the welfare state crisis in the 1970s (Winter of Discontent) (General Election, 1979). Thatcher had an extremely busy schedule over the next few weeks due to important meetings of international importance. Moreover, the term was not very favorable to the Conservatives: an opinion poll conducted estimated that voters favored the Tories 46 percent, Labour 34 percent, while the remaining votes could be cast for smaller party groups (Zalewski, 1985). The campaign was characterized by greater dynamism than 4 years prior. The Conservatives' program listed the “five great tasks of the future”: to create a stable economy with stable prices, sustainable prosperity and employment; to form a responsible civil society; to maintain parliamentary democracy and strengthen the law; to improve the quality of life in the countryside and cities; to defend Britain’s freedom and strengthen its position in NATO. At the time, the Tories won as many as 397 seats (more than any party to date since World War II). Interestingly, on June 9, 1983, the Tories won once again winning 58 more seats than on May 3, 1979. “Before that election, it was said that if the Conservatives lose, it is because they are led by Mrs. Margaret Thatcher. After four years, there has been a radical change in such evaluations. This time it was claimed that the Conservatives have their victory “in the bag” because they are led by Mrs. Thatcher” (Zalewski, 1985). The last winning election for M. Thatcher took place on June 11, 1987. An interesting assessment concerns the last election, in which M. Thatcher was a candidate: “For many, Thatcher's resignation was incomprehensible, as she was not defeated at the ballot box election, and her voting record was satisfactory. She has also never lost a vote of confidence in her government. Nevertheless, her departure has become a reality” (Moore, 2016).

Although the Conservative Party still won and continued to build the British economy, the new path of the party was no longer the path of M. Thatcher.

LITERATURE REVIEW

The research goal is also to fill the gap in the Polish literature focused mainly on the effectiveness of M. Thatcher's economic policy. An example of an indication in foreign literature may be the article by S. Etienne, Thatcher's Economic Policies: An Assessment of Efficiency, 2013 (Etienne, 2013). It is impossible to present all the achievements of the literature that has been created in the world in relation to M. Thatcher. Important in this respect are, among others: authorized biographies of M. Thatcher and Ch. Moore - three - volume item. Well-known items translated into Polish include works by K. Haris, J. Bundell and T. S. Ceran. In English-language literature, D. Cannadine or critics of her policy like W. Lightfoot. A rich collection of her works can be found on the M. Thatcher Foundation website: https://www.margaretthatcher.org/node/200001. Among current English-language works, it is worth paying attention to Power and Political Economy from Thatcher to Ledger Robert (2022) published by Routledge or CH. Johnson The Grand Experiment: Mrs. Thatcher's Economy and How It Spread published by Taylor and Francis and books by H. Norpoth Confidence Regained: Economics, Mrs. Thatcher, and the British Voter (1992). The author shows electoral victories in the context of A. Downs' theory of electoral competition. It does not take into account long-term threads because it was created in 1992, so 31 years ago. This article, on the other hand, refers in its assumption to NIE. The New Institutional Economy is currently extremely complex. The article is therefore limited to D. C. North's approach. In particular, he took into account the above-mentioned divisions of institutions in the article Institutions, published in: Journal of Economic Perspectives and in Institutions, Institutional Change and Economic Performance, where he introduces a division into informal and formal constraints. The importance of his theory is emphasized by the Nobel Prize (1993) he received together with R. Fogel.

METHODOLOGY

The research is qualitative. Institutionalism as such introduces soft factors into economics. The study covered Great Britain as a country that has always been characterized by a high degree of individuality towards the European continent, which is confirmed today by Brexit. The period of M. Thatcher's was chosen rule due to far-reaching changes in economic policy towards a socially oriented Europe.

FINDINGS/RESULTS

During M. Thatcher's rule, institutional balance was not always achieved, which resulted in an increase in transaction costs (costs of conflict resolution on the part of the government). These periods were characterized by diminished confidence in Thatcher. The balance was forming before the elections. One should agree with the thesis of A. Heath, R M. Jowell, J. K. Curtice that "the Thatcherite economic reform program gives support to the thesis that a political party does not need to be closely in tune with the electorate's policy preferences in order to win an election (Heath in... 2001). In the case of Thatcher, the elektorat support concerns selected concepts. Among the analyzed factors, an important role for the acceptance of such reforms as privatization was played by informal institutions or those established before Thatcher took power. This may prove that the economic policy pursued by M. Thatcher is British (rooted in historical and cultural factors).
DISCUSSION/ANALYSIS

M. Thatcher, like F. A. von Hayek, had great respect for the rule of law, a concept, according to which the law is not an expression of the will of the legislator, but an expression of the wisdom of past generations revealed in a spontaneous process of trial and error (Spychalski, 2006; Hayek, 1996). It pinned its hopes for an optimal economic model on formal institutions interacting with informal ones. It is impossible to list all the regulations of the Thatcher government in this article. The most important activities have therefore been selected. Thatcher's economic policies included taking action at the macroeconomic level and building an entrepreneur - neurial culture at the microeconomic level. For her the antidote was to instil within British industry an enterprise culture where the heroic entrepreneur would be the prime agent of innovation and guarantor of prosperity, and the market would determine the allocation of resources (Woodward & Silverwood, 2023).

What did Thatcher offer society? What institutions supported Thatcher's policies?

Within the creation of formal institutions in the UK, attention should be paid to the endogenous factors that are the UK determinants of economic life. A division of formal institutions was introduced into those formed before and after Thatcher took over the function of prime minister.

1. Informal institutions:

   a) Culture (internal factor), economy is part of culture, economy is strongly rooted in culture, man remains in a relationship with culture, the most important institutions of great durability and importance are embedded in culture (Stawasz & Rudolf, 2018). British values are the belief in the rule of law, freedom, civil society, hard work. Added to this is a complex class structure (upper - class, middle class, working, precariat) (BBC, 2011). Thatcher's greatest support in 1979 came from educated workers with a 33% advantage, who were most comfortable with Thatcher's strong stance (Blundell, 2011). The values that Thatcher perpetuated are individualism (thrift, hard work, self-reliance).

   b) Compliance of moral norms with entrepreneurship (internal factor)

   Market fundamentalism has become the basis of a kind of market morality (Tomlison, 2021). The religious correlate of British entrepreneurship is Protestantism, with its Anglican variant. In line with the assumptions of the mercantilist period, the pious businessman became the basic actor in economic life. Anglicans have long favoured the Conservative Party because of its support for the historically privileged position of the Church of England, known as 'the Conservative Party at prayer'. Roman Catholics, on the other hand, have preferred the Labour Party since its emergence in the early 20th century (Religion). A. Kusztal based on British religion in numbers points out that even currently the faithful of the Church of England support the Conservative Party (Kusztal, 2020).

   c) British belief in economic freedom - individualism – internal factor (a key factor for Anglo - American economic culture) – “she mentioned that Adam Smith's The Wealth of Nations and the Declaration of Independence were written in the same year (1776),” civil society, self - creation, after all, economics as a science was born in Britain, it is also the dominant factor in the relationship to the EU (in and out). In the context of the efficiency of the institution's effectiveness, economic freedom seems to be extremely important. Economic freedom (or a lack thereof) determines the ways in which market institutions allocate productive resources and consumption goods/services across households. This has a direct impact on not only the functioning of markets, but also economic well - being and economic opportunity for the individual (Baliw & Mathew, 2020). The guarantee of economic freedom is the high quality of property rights. Properly defined and assigned property rights and their effective protection by public authorities reduces the transaction costs of private entities, which is conducive to the increase in efficiency on the micro scale as well as economic development and prosperity on the macro scale (Owczarczuk, 2017). It can also positively influence the reduction of public transaction costs related to the formalization of formal and informal public order (Chotowski, 2010). The first measures of economic freedom and empirical research on the relationship between economic freedom and economic development/growth appeared only in the 1990s. The two most important of them are: Index of Economic Freedom, created by The Heritage Foundation and "Wall Street Journal", and Economic Freedom Index, developed by The Fraser Institute (Szarzec, 2015). The second indicator was used in the research paper (Baliw & Mathew, 2020).

Table 1: Economic Freedom Summary Index of the World with 5 major areas during 1970 - 1990 (Fraser Institute)

<table>
<thead>
<tr>
<th>Overall rank</th>
<th>Year</th>
<th>Overall score</th>
<th>Size of government</th>
<th>Legal system and property rights</th>
<th>Sound money</th>
<th>Freedom to trade internationally</th>
<th>Regulation</th>
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<tr>
<td>31</td>
<td>1870</td>
<td>6.20</td>
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<td>7.34</td>
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<td>29</td>
<td>1975</td>
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*Maximum indicator value 10/ Within the five major areas, there are 26 components in the index.

Source: Economics Freedom Index Fraser Institute, EFTW - approach.

The analysis of the Economic Freedom Index shows an systematic increase in economic freedom from 1970 (nine years before Thatcher's victory) to 1990, the final year of Thatcher's rule. In 1970, Great Britain was ranked 31st with an index of
6.20. It was a period of government representing the Conservative Party Edward Heath - 1970 - 1974. In 1975, Great Britain reached the 29th place with an index of 6.30. In the period 1974 - 76, the Labor Party government headed by H. Wilson returned to power, to hand over power to J. Callaghan in 1976 (Zins, 2007). During the period of these three governments, there was a radical expansion of the functions of the state, the growth of the social sphere and the competence of trade unions. In 1980, during M. Thatcher's rule, the indicator increased to 7.14, which meant an increase in economic freedom.

The positive trend is confirmed in 1985 (8.21), which places the United Kingdom in 6th place in the world, and in 1990 in 5th place with the index of economic freedom - 8.27 (max. 10). There is an increase in legal protection and security in the field of property, including intellectual property, up to the level of 8.27 in 1990.

Going into the individual sub - indices, it should be noted that Great Britain obtained the highest degree of freedom in 1990 in the case of two sub - indices: freedom to trade internationally, sound money. The highest value of the index of free trade and monetary freedoms falls in 1985, which proves a stable monetary environment. Legal protection of the economic system tends to increase during the rule of M. Thatcher to reach a high level of the indicator in 1990. This means that there is a stable and secure legal system as the basis for the birth of entrepreneurship (secure protection of private property). This is confirmed by the previously analyzed British Public study from 1980. In the field of recognized methods of solving key problems faced by the government in the first stage of office, Law & order (55%) was the most recognized (British Public Opinion, 1980).

The visible low indications relate to the size of the government and therefore its policy. The state of freedom in relation to the state increases gradually to reach index 6.52 in 1990. There is a visible process of transition from the dominant role of the state (government spending and regulation) to relying in the process of resource allocation on markets (table 2.).

Government consumption as a share of total consumption and transfers and subsidies as a share of GDP are indicators of the size of government. Government consumption increases slowly from 1979 to 1990 to reach 4.52. Growth means increasing personal choice. Protection of persons and their rightfully acquired property is a central element of economic freedom and a personal choice. Protection of persons and their rightfully acquired property is a central element of economic freedom and a

Table 2. Selected sub - indicators (components) of the Index of Economic Freedom of the World (Fraser Institute)

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<th>X</th>
<th>Government consumption</th>
<th>Transfer and subsidies</th>
<th>Government investment</th>
<th>Top marginal tax rate</th>
<th>State ownership of assets</th>
<th>Legal independence</th>
<th>Judicial independence</th>
<th>Impartial courts</th>
<th>Protection of property rights</th>
<th>Military interference in the rule of law and politics</th>
<th>Integrity of the legal system</th>
<th>Legal enforcement of contracts</th>
<th>Credit market regulation</th>
<th>Labour market regulation</th>
<th>Business regulation</th>
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* - selected subindicator

Source: Economix Freedom Index of the world. Fraser Institute.

d) The maritime barrier (internal factor) separating the UK from the continent is also a similarly endogenous factor (Lipoński, 2017).

e) The common law model (internal factor), which by definition is compatible with the market economy model and the idea of economic freedom. The English constitution, parliamentarism and the English legal system developed in parallel, not through conscious, rational acts created by a sovereign legislator, but evolved gradually as a result of accepting local customs and fitting these customs into the existing social and legal system. The emergence of mature liberalism is inextricably linked to the development of the parliamentary system. It is no coincidence that liberalism developed most
fully in England, where parliamentary institutions were established earliest and developed before the 17th century (Kwaśnicki, 2000). The spirit of common law and equity law expresses the necessity for legal institutions to be accepted by society. One of the features of common law is pragmatism. Hence the British emphasis on the practical utility of the institutions they build (J. Bentham's utilitarianism). British law is not codified. It is the law of precedents, a British law of precedents. A positive aspect of the UK's situation was the fact that it had oil deposits in the North Sea. This ensured that, at the hottest moment of the energy crisis, the UK did not have to import this raw material (Zins, 2007). There was also a noticeable decline in the competitiveness of British industrial products in the Western European market (Thatcher, 1996). The UK had a 20% share of world trade in 1955 and only 10% in 1979. (Blundell, 2011). At the root of British industry's problems was low productivity. Over - employment, resulting from union enforced privileges, became disguised unemployment (Thatcher, 1996).

f) Specific raw materials - (internal factor)

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g) Torism

Believing in the ideas of conservatism, which moved from Butskellism to Thatcherism thanks to her, Thatcher relied on evolutionism and the organicism of her ideas. British (national) appreciation of conservatism and its institutions has been evident since the time of E. Burke. The transformation of formal institutions proceeded slowly in a well - defined direction: from the extension of private property to particularly socially 'sensitive' subjects – the issue of health care. Thus, it was not until 1988 that it was decided to fundamentally reform the system of social policy (the National Health Service set up by Labour in 1948), education (Ceran, 2008) and the introduction of the poll tax, the community charge, which is a fixed levy paid by all adults to local authorities (Bundell, 2011). The tax was part of a broader government policy – to reduce the expenditure of local authorities, where vast majority of their income came from the state budget (Ceran, 2008). N. Lawson called it “the most catastrophic single decision ever made” due to the fact that it did not gain favour with the British public (Blundell, 2011; Smith, 1991; Conservative Campaign Guide, 1989). P. Piotrowski examines the nature of M. Thatcher's Conservatism. In this case, a departure from the center of the Conservative Party is indicated. Some Conservatives saw the Thatcher policy as a break with the Tory tradition because it was too much an effort to modernize the UK towards the free market orthodoxy of neoliberalism. P. Piotrowski points out that Thatcher did not break with the tradition of Tory pragmatism (Piotrowski, 2019). Thus, M. Thatcher was able to combine British conservatism (well - established since E. Burke) with classical liberalism. An element of the specificity of British conservatism is the clear alienation of populism in particular (Zięba, 1988).

h) Thatcher's charisma (internal factor)

According to m. Bennister, P. T. Hart, B. Worthy leadership capital is taken to be the aggregate of a leader’s political resources: skills (both ‘hard’ and ‘soft’) (Benister, 2013). They introduce the Ledgership Capital Index (based on surveys) study, which is the sum of the three key criteria of skills (soft and hard, relations and reputation). It seeks to combine the elements identified of ‘competence, integrity and capacity ‘with reputational and integrity that form the basis of political capital (Bennister & Worthy, 2015). “Thatcher’s capital swung from weak (but apparently survivable) to dominance and back to adifferent, ultimately fatal, fragility (...)Thatcher’s trajectory of leadership capital follows an inverted U - curve, building, consolidation in an upswing and then decline” (Bennister & Worthy, 2015). Added to this may be the authority of the Prime Minister as in the case of Thatcher (Bill, 2017). Hence, Thatcher's stance on recognised economic doctrines was not changed by the polls (25% support) or by protests from prominent British intellectuals (Balcerowicz, 2017). As early as March 1981, 364 prominent, university - based economists published a statement (The Keynesian Petition) in The Times in protest against monetary theory (Ceran, 2008; Moore, 2019).What impact did M. Thatcher's consistency have on public perception? For the economy, it is of incredible importance. Milton Friedman stressed that “the new administration has about six to nine months to make major changes; if it does not seize the opportunity to act decisively during this period, it will not have the oppor - tunity again” (Friedman, 1993; Ptak, 2008). Thatcher took her election promises seriously. It committed itself to three main goals: defeating inflation, taming trade unions, and privatizing major industries. And she managed to make them all come true. According to the concept of TINA – There is no alternative , Margaret Thatcher never turned back from the path once taken. The fiscal policy pursued was restrictive in nature, contrary to the populist tendencies of many cabinets. At a time when only 25% of the public declared support for the prime minister, Thatcher nevertheless consistently put her doctrine into practice, seeing no other alternative (Ceran, 2008). However, as Nigel Lawson stated that “The key to understanding Mrs. Thatcher was that she actually said what she believed” (Moore, 2019).

2. Formal institutions that arose before the Thatcher era:

a) British “sacred private property” and its glorification (internal factors) contributed to the recognition of the distribution of private property. The institution of property rights, which stems from law and tradition, plays an overarching role in the UK. Private ownership has always prevailed in this country. The UK has never had experience of a command economy although the influence of socialist ideas was particularly evident during the Cold War. The UK is also the 'mother - land' for the birth of the classical school in economic theory and its mainstream trend: orthodox economics, as well as classical liberalism.
b) Specific political system - (internal factor) treated as a historically rooted institution.

It is worth noting that the UK does not have a written constitution. What most strongly influences the prime minister's position, which is relatively high, are conventions (Sarnecki, 2013). The British system sets the strong position of the Prime Minister, for example, against the monarch (Kapsa, 2006). Their election is made, as it were, indirectly. It is important to remember that during a general election, the British people, by deciding between two parties, so to speak, decide who will become Prime Minister. The Prime Minister must be the leader of the majority party (constitutional convention). They therefore have a strong legitimacy to drive economic reform (Prime Minister, 2022).

On 24 - 28.04. 1980 IPSOS MORI conducted a survey in which respondents were asked the following question: Are you satisfied or dissatisfied with the way the government is running the country? Are you satisfied or dissatisfied with the way Mrs Thatcher is doing her job a

| Table 3: Assessment of Prime Minister Thatcher's government and activity (1980) |
|-----------------|-----------------|-----------------|
|                | X               | Government      | Thatcher  |
| Satisfied      | 33              | 43              |
| Dissatisfied   | 57              | 50              |
| Don't know     | 10              | 7               |

Source: British Public Opinion (1980).


| Table 4: Satisfaction / dissatisfaction ratings in Great Britain 1979 - 1990 |
|---|---|---|---|---|
| Years | Level | Government satisfaction | Government dissatisfaction | M. Thatcher satisfaction | M. Thatcher dissatisfaction |
| 1979 | Thatcher's lowest score - November | 30 | 58 | 41 | 49 |
| 1979 | Thatcher's highest score - August | 34 | 52 | 45 | 43 |
| 1980 | Thatcher's lowest score - November | 25 | 65 | 32 | 61 |
| 1980 | Thatcher's highest score - April | 33 | 57 | 43 | 50 |
| 1981 | Thatcher's lowest score - December | 18 | 73 | 25 | 66 |
| 1981 | Thatcher's highest score - June | 25 | 68 | 34 | 61 |
| 1982 | Thatcher's lowest score - February | 23 | 69 | 30 | 63 |
| 1982 | Thatcher's highest score - June | 51 | 39 | 59 | 36 |
| 1983 | Thatcher's lowest score - October 20 - 24 | 39 | 51 | 47 | 46 |
| 1983 | Thatcher's highest score June 16 - 20 | - | - | 54 | 34 |
| 1984 | Thatcher's lowest score - June 21 - 25 | 32 | 60 | 39 | 54 |
| 1984 | Thatcher's highest score - January 5 - 11 | 40 | 51 | 48 | 45 |
| 1984 | Thatcher's highest score - October 18 - 22 | 37 | 54 | 48 | 46 |
| 1985 | Thatcher's lowest score - May 21 - 26 | 26 | 64 | 35 | 58 |
| 1985 | Thatcher's lowest score - September 17 - 22 | 28 | 62 | 35 | 58 |
| 1985 | Thatcher's highest score - October - January 2 - 7 | 33 | 57 | 44 | 49 |
| 1986 | Thatcher's lowest score - February 22 - 26 | 23 | 69 | 29 | 64 |
| 1986 | Thatcher's highest score - December 27 - 30 | 34 | 59 | 39 | 55 |
| 1987 | Thatcher's lowest score January 23 - 28 | 32 | 58 | 37 | 56 |
| 1988 | Thatcher's highest score - July 21 - 28 | 47 | 41 | 54 | 38 |
| 1988 | Thatcher's lowest score - May 27 - 1 June | 39 | 52 | 43 | 51 |
| 1988 | Thatcher's highest score - August 18 - 22 | 44 | 48 | 50 | 45 |
| 1989 | Thatcher's lowest score - November 23 - 27 | 28 | 66 | 33 | 63 |
| 1989 | Thatcher's lowest score - December 27 - 28 | 28 | 67 | 33 | 64 |
| 1990 | Thatcher's highest score - January 26 - 30 | 38 | 54 | 46 | 48 |
| 1990 | Thatcher's lowest score - April 19 - 24 | 17 | 77 | 21 | 75 |
| 1990 | September 20 - 24 | 25 | 69 | 36 | 59 |

* Thatcher highest score determined by highest satisfaction in a given year


The ratings of the Conservative Party in relation to Prime Minister M. Thatcher were lower in each of the analyzed period. Success/failure was mainly identified with the figure of Thatcher. The table shows that after the election Thatcher obtained a relatively good result - August 1979 - 43%. The Conservative Party achieved its highest electoral result before the January 1979 elections. This seems to have been on a wave of criticism from the Labor Party. In 1980, there was a decline in support (32%) due to the apparent recession. Economic recovery in 1982 translated into high satisfaction - 59% in June 1982. Despite the high level of unemployment.
The lowest level of satisfaction with the policy pursued by the respondents was indicated in April 1990 - 21% satisfaction and a relatively low level in December 1981 - 25%/66% dissatisfaction, which was indicated earlier. The poor result in 1981 seems to be dictated by the increase in unemployment and criticism of prominent economists. Unemployment of young people under 18 years old reaching 30.8% in July 1981 (Burgess i in, 2003). The decline in popularity in 1990 was largely due to the idea of implementing a community charge and numerous social protests.

The highest level of satisfaction is in June 1982 (Falklands crisis). Positive ratings of 54% also gain in July 1987. The year 1987 was characterized by a visible decline in inflation. The Consumer Prices Index with Housing was 11.4% in August 1979, 14.7% in April 1980, and 7.2% in June 1982. while in July 1987 the economy was beginning to stabilize and the CPIH reached 3.5%. Moreover, Thatcher gained 48% in January and October 1984 during the strikes of A. Scargill. The June 1983 result may be also due to the Falklands factor. In the economic dimension it was a consequence of a public support for privatisation (General Election Results of 9 June 1983). The 1984 ratings seem to be dictated by Thatcher's tough policy towards trade unions and public participation in private property (Consumer price inflation, historical data, UK 1950 to 1988). The drop in support is only seen in December 1985, equaling 35%. An increase in support of around 43% is not seen until 1987 (IPSOS, 1987). Despite the numerous significant drops in support, the Conservative Party electorate was able to mobilise in the election cycle. At that time, formal and informal institutions matched. Then the British approach to economic freedom and private property wins. It can be pointed out that informal institutions play a relatively large role in British society.

P. Piotrowski points out that Thatcher's top popularity scores never came close to those of Clement Atlee (66%), Anthony Eden (70%), Harold Macmillan (79%), Harold Wilson (69%) or James Callaghan (59%). Her worst polls, on the other hand, fell far below those of these prime ministers (Piotrowski, 2019). This proves that he has more support within his Party than society.

Formal institution - Thatcher’s era:

a) Specific external factors
- The period of Thatcher's government was determined by exogenous factors, which included the economic integration of Western European countries within the EEC, the debate on higher forms of integration and the principles of British participation in this grouping (the problem of agriculture). In addition, the effects of the energy crisis of the 1970s should be pointed out. The rise in oil prices created inflationary pressures around the world and also had a disruptive effect on the UK economy as the pound sterling was becoming a petrocurrency (Czaplewski, E. Tyszkiewicz J. 2018, p 661, Thatcher, 1996). Due to the recession in the UK, the inflation rate was 20% and the unemployment rate was 10%. There was an increase in public spending by the UK government. Due to financial difficulties, the state took over automotive companies, electronics companies, etc. (Matera & Skodlarski, 2021). However, a key factor, the Falkland War, was excluded from the analysis due to its political & military nature;
- the influence of economic doctrines. There was much discussion about the UK's relationship with Friedman's theory particularly in the period 1979 - 1983. It is pointed out that Thatcher created her vision of monetarism, while she drew on Friedman's achievements such as the permanent income hypothesis and the assumption that monetary policy could serve as a sufficient tool to control inflation (moving away from fiscal policy in this regard), and on the other hand, she did not adopt the control of the monetary base advocated by Friedman (Nelson, 2017). Furthermore, monetarist theories were already evident in the Labour Party's approach due to the intervention of the International Monetary Fund in 1976 (Moore, 2019; Nelson, 2017).

c) Thatcher's economic reforms (public regulations)

Already since her 1979 Political Manifesto, M. Thatcher wanted to expand the area of private property in the UK. She wanted to implement market - type reforms, new management methods to public administration in the spirit of New Public Management, deregulation, create a compact system of moving away from nationalisation to privatisation in such a way that it would not be hampered by the Labour Party in the form of renationalisation, a policy of abolishing exchange controls. She pursued her policy as a single organism based on mutual interaction. The Thatcher government, in the context of the Cold War, declared the need for increased spending on defence and law and order. From 1980 - 81 to 1983 - 84, spending plans reflected government policy (Desmond, 1987). In 1980, special enterprise zones were introduced, within which companies benefited from framework tax exemptions and exemption from local property tax, which stimulated investment with a positive impact on job creation in economically deprived regions (Thatcher, 1996). In the spirit of increasing the area of private ownership, she opposed all forms of nationalisation of public utility companies (Zins, 2007). A key element of this was the implementation of the right to buy concept, i.e. selling off council housing. It gave council housing tenants a statutory right to buy their flats at a discount, which depended on the number of years spent in the flat. Within the Labour Party, this was regarded as a fatal blow to the Tories (Blundell, 2011). The Right to Buy Act (Housing Act, 1980) gave the Minister the power to intervene if any local council denied people this right. Since 1979, some 3 million housing units have moved from the public to the private sector (Blundell, 2011). The second element was the contracting of public services. The third was the denationalisation of major state campaigns (Blundell, 2011). Thatcher herself promoted the marketisation model. This initiative was based on the ideological assumption of higher efficiency of the private sector, and involved the introduction of quasi - market mechanisms into the public service sector by separating the buyer and supplier functions of state agencies. This facilitated the entry of many private organisations into the field of government tasks, especially in health, social care and housing (Albertson &
An important element of privatisation was the concepts of employee or management buyout. Britain's National Freight Corporation, for example, was sold off to its employees (Edwards, 1977). In the Conservative Party, it was realised that the aversion to nationalisation was very strong among Conservative voters. According to Thatcher, only privatisation would 'enhance economic freedom,' 'increase productivity,' 'alleviate the public sector wage problem' and 'reduce public sector debt.' Thatcher popularized the word privatization, and she oversaw the sale of many major businesses, including British Airways, British Telecom (Edwards, 1977). Privatisation prevailed during the first period of her rule for financial reasons, in order to sell off assets to raise money to reduce the volume of public borrowing (public sector borrowing requirement, PSBR) (Tomlinson, 2021). The sale of state-owned, unprofitable enterprises brought a reduction in state subsidies stimulating the budget deficit. Privatisation became not only the basis of the government's industrial policy, but an instrument of fiscal policy (as the capital raised was used, among other things, for current expenditure) and a political commitment (Moon i in, 1986). It also had a symbolic significance during the Cold War period, renouncing the idea of socialism. However, the size of privatisation was not realised in the early days. In 1980-81, mainly profitable businesses were sold. For example, 51.6% of British Aerospace was sold in February 1981, the profitable small subsidiary British Leyland was sold during this period, 24% of the government's stake in British Sugar Corporation was sold in July 1981, and just under 50% of Cable and Wireless was sold in 1981. This has led to criticism of the sale of shares at undervalued prices (below their market value) (Moon i in, 1986). The privatisation of companies was dynamic. The following companies were privatised in the following years: 1979 – British Petroleum, 1988 – British Steel, Rover, 1989, ten water agencies. It is indicated that the awareness of the need for privatisation was an incentive for many companies to increase their efficiency. British Steel, for example, had reduced its human resources, which increased the company's productivity. It was similar with British Airways, which increased its workforce after privatisation to serve growing markets (Edwards, 1977). Privatisation, creating 'people's capitalism,' was the practical implementation of the slogan of national solidarity: the overthrow of thinking in terms of 'us' (the workers) and 'them' (Ceran, 2008). On the other hand, this had a negative impact on the labour market. Treating the economy as an interconnected mechanism, she assumed that the government's overriding objective was to beat inflation (Harris, 1988; Ceran, 2008). According to her, inflation was eroding the real value of people's hard-earned savings and she considered this immoral. Secondly, she accepted the general claim that excessive money growth in due course leads to increased inflation (Pepper, 1997). Central to the new government's programme was the strengthening of the so-called supply side of the economy. This was to be achieved through fiscal measures (primarily a shift from taxes on labour income to taxes on expenditure) (Butler Miller, 1981). It appears that this objective was achieved. Under the Thatcher government, inflation was seen to fall from 21% in 1980 to 4% in 1983 and 3% in 1987 (Harris, 1988). The Conservative Party reduced the income tax rate by 3 percentage points. The top rate was also reduced from 83 to 60%, and the tax thresholds were significantly widened. However, to offset the impact on the budget deficit from these supply-side tax cuts, the indirect tax rate increased, with the standard VAT rate rising from 8% per cent to 15 per cent and the rate on luxury goods from 12 per cent to 15 per cent (Butler & Miller, 1981; Conservative Party General Election Manifesto, 1983). The E Committee cell became the manifestation of financial transparency (Moore, 2019). Budget policy opted for a restrictive monetary and fiscal policy. The Budget of March 26, 1980, introduced The Medium Term Financial Strategy (MTFS) plan as part of the monetary policy implemented (Champroux & Sowells, 2015). It was, by design, a budget for businesses by introducing tax exemptions as an incentive for investment of capital at particular risk and building concessions for small workshops. A target of a 1 per cent per annum decline in the level of inflation was set, to achieve an sterling M3 aggregate growth rate of 0.4 - 0.8 percent in 1983/1984. The budget deficit was assumed to fall from 4 percent of GDP in 1980-1981 to 1.5 percent in 1983-1984. 0The monetarist strategy was to reduce the level of inflation by reducing the outflow of money into circulation, while at the same time restricting government borrowing to prevent the pressure of anti-inflationary policies from being reflected only on the private sector in the form of higher interest rates. Added to this were socially unpopular decisions on prescription charges and social security benefits (Thatcher, 1996). At the time, M3 consisted of the monetary base (notes and coins in public circulation) plus UK private and public sector sterling deposits and the non-British pound, the domestic banking sector (added in 1970) excluding foreign currency deposits (from 1977) (Champroux & Sowells, 2015). The 1981 budget was strictly deflationary (Harris, 1988). This corresponded with the 1980-81 White Paper on State Expenditure, which envisaged a programme of public sector asset sales targeting around £4 billion (Public Expenditure (White Paper), 1979). Many public institutions have been reduced or abolished. For example, the powers of the Council for State Enterprises were reduced, state price controls were eliminated as they had a minimal impact on inflation but a negative impact on the efficiency of investments, and consequently the Price Commission was abolished (Thatcher, 1996). Legal instruments concerning the labour market were determined by the position of trade unions. Since the development of state-implemented social policy, trade unions have enjoyed a high level of public trust. However, in the UK, the legal position of trade unions had become dominant. Indeed, the trade unions had had the right to veto the government and Parliament and had constituted an informal power (monopoly and state protectionism) (Balcerowicz, 2017). Trade union immunity had been a distortion of free competition (Thatcher, 1996). In 1979, in court proceedings (McShane vs. Express Newspapers Ltd), it was confirmed that the law gave no protection to parties drawn into a dispute that did not concern them (Moore, 2019). Thatcher was aware of the need to regulate these issues by law. Hence, the 1984, 1988 and 1990 Acts increased the rights of individual workers and decreased the rights and power of trade unions. The result of these measures was the transformation of the labour market. As a result of these measures, union membership levels fell from 51% in 1979 to 18% in 1997 (Blundell, 2008). Particularly in Thatcher's view, the mining industry had been ineffective, unprofitable and inefficient with overstaffing. This involved the need of staff reductions and the closure of unprofitable entities. According to
a report by the government’s Monopolies and Mergers Commission, 75% of UK mines were loss - making in 1983, with government subsidies amounting to £1.3 billion between 1983 and 1984 (Ceran, 2008).

As part of the Coal Industry Act of 1980, the Thatcher government set out a programme of financial cuts for the National Coal Board, which meant that all subsidies, except those for explicitly social purposes, would be stopped until 1983 - 1984. Domestic demand for coal fell by 14% between 1979 - 80 and 1982 - 3, and in response, in February 1981, the NCB proposed major mine closures. From January to April 1980, Britain saw its first miners' strike, which was ended by the government's wage concessions, which resulted from M Thatchers inadequate preparation for the strikes (Ceran, 2008). Since 1981, the government had been stockpiling coal. The main opponent of Thatcher's actions was the National Union of Mineworkers, led by A. Scargill. On 3 March 1984, the strikes ended with the victory of M. Thatcher and the end of the Scargil era (Blundell, 2008). Thatcher was able to solve the problem of strikes in various ways including an alliance with R. Murdoch, who introduced new technological solutions (equipment and specialists from the United States) at Wapenning that enabled him to lay off 5,500 Fleet Street workers without disruption and caused innovation in the British printing industry (Podemski, 2011; Harris, 1988).

Between 1979 and 1983, more than two million jobs were lost in manufacturing and 1.7 million in processing (Tomlison, 2021). Less impetus from Thatcher, on the other hand, was received by the labour market. According to the 1979 Manifesto, 'the only way to reduce unemployment permanently is to produce the right products at the right prices, supported by good services. The role of government is to keep inflation low and offer real incentives to businesses' (Conservative Party General Election Manifesto, 1983). Unemployment continued to rise throughout her three terms in office. In August 1982, it stood at 3 million (Ceran, 2008). A reduction in the rate of inflation was seen by her as a precondition for a return to higher employment (Buitr i in., 1981).

Thatcher's labour market policy was based on selected points from the 1944 White Paper on Employment Policy. She focused on three aspects: adequate levels of demand (total spending); 'reasonably stable' prices and wages; and 'sufficient mobility of workers between occupations and localities.' In the most general terms, effective employment policies require the 'support and cooperation of the public' (Tomlison, 2021). According to 1982 data published in The Economist, 1,043 respondents receiving unemployment benefits were surveyed. Out of those surveyed, 41 per cent were made redundant due to staff reductions. The question: who has contributed to this labour market situation. Was answered 'no one' or 'the international economic situation' by nearly half of the respondents. Only 25 percent blamed Mrs Thatcher and her cabinet for the state of unemployment. Some 20 percent said that the government (as an institution, without equating it with the Conservative government) was to blame (Zalewski, 1985).

Thatcher created a strong state, but based on economic freedom. Thatcher was so convinced of the rightness of her moves that she did not pursue fiscal and monetary policy in the spirit of electoral expectations. Thatcher always defended the interests of entrepreneurs, focused on the level of inflation, marginalising the problem of unemployment (pursuing a more restrictive monetary and fiscal policy than the ruling left - wing parties) (Parlińska & Wielochowski, 2014).

CONCLUSION
In the case of the UK, the implementation of economic policy specifically required a coincidence of formal and informal institutions. Effective institutions created by M. Thatcher counteracted chaos (caused, for example, by strikes). This created a certain environment for business entities. However, as a result of the periods institutional imbalance, transaction costs increased. In the initial phase, transaction costs for the antagonized parties (government - trade unions) had to increase (conflict resolution by the state) in order to reduce them in the future when a stable market system was created. Positive determinants were: the legal system, political system and values, culture and religious norms stimulating entrepreneurship. Hence the development of entrepreneurship in Great Britain. Informal - formal institutions, a kind of Britishness, supported the implementation of economic policy (formal institutions).

LIMITATION AND STUDY FORWARD
The study can be extended to a broader spectrum of institutional analysis, including Public Choice theory. The analysis has a theoretical character and can be extended to include empirical research and the influence of Thatcher's policy on the contemporary functioning of the Conservative Party, assumptions and determinants of economic policy under the leadership of R. Sunak in the context of contemporary economic problems.

CONFLICT OF INTEREST AND ETHICAL STANDARDS
There exists no conflict of interest

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