
The Indispensable Margaret Thatcher

Cevro University, Prague

November 18, 2025

John O'Sullivan

President Langer, Distinguished guests, Professors, Graduates and students, Ladies and Gentlemen.

I am grateful for the privilege today of addressing this university which is both an ornament and a symbol of the freedom of education and thought that modern Czech Republic exhibits. As a result of events which are still alive in the memory of our peoples and of Europe. Your existence and success is also an expression of the politics and ideas of my old boss the late Margaret Hilda Thatcher, whose birth occurred 100 years ago last month and who enjoys responsibility for some of the changes for our movement towards a more freer and democratic politics. These things are part of her legacy.

Margaret Thatcher died in April 2013. She is still close to us. Historical judgements about her are still likely to be controversial. But it is was clear that Margaret Thatcher had left a legacy. That is not as normal, let alone as inevitable, as you might suppose. Very few prime ministers leave anything that could be called a legacy. In the last century, Churchill did so; ditto Clement Attlee; perhaps that will be true of Edward Heath also if Britain remains a member of the European Union. But Anthony Eden, Sir Alec Douglas Home, Harold Wilson, Jim

Callaghan, John Major, Tony Blair may have done good and bad things in their times of power. But they can hardly lay claim to a legacy of achievement that significantly changed Britain – unless the word's meaning is expanded to include serious failures and misjudgements.

Nor is Mrs Thatcher's own record without its failures and misjudgements. The poll tax was a domestic policy failure; her opposition to German reunification a serious misjudgement in foreign policy. Her legacy was "mixed" but its balance was strongly positive. When we consider privatisation, the Falklands War, the reform of trade union law, the defeat of the miners' strike and much else, it is undeniable that her prime ministership had significant impact on Britain for good or ill.

One substantial and impartial proof of this is the number of books written about her. In the year after her death three new full-dress biographies appeared. Earlier biographies have been revised and republished. Her own memoirs were republished in single-volume form. And other political and economic studies of Thatcher and Thatcherism are produced at frequent intervals. And then there are about, at least two, innumerable documentaries, television plays, stage plays and even several musicals all revolving around her and her ideas. A significant feature of some of these latter productions, moreover, is that works intended to weaken or condemn her end up making her look more sympathetic, even popular. In many respects she is the Frankenstein Monster of the Left. Its caricature of her – Maggie the Hundred Foot Tall Woman – turns upon its creators and devours them. That level of bi-partisan interest establishes that she has indeed left a legacy.

But what is it? Let me begin by giving you the unreconstructed Thatcherite view of that legacy in simple terms and bold primary colours. If you want to understand the basic emotional drive of Margaret Thatcher and Thatcherism, it is to be found in some words that she addressed to a television interviewer, Michael Cockerell, towards the close of the 1979 election campaign. With the election campaign almost over, she let down her guard and exclaimed: “I can’t bear Britain in decline. I just can’t bear it.”

This outburst was sincere. It was also prophetic: whatever else it was, Thatcherism was a politics designed to halt and reverse the decline of Britain. And Margaret Thatcher was a practical politician rather than a philosopher. Her legacy is the record of practical responses to the problems facing Britain.

Initially, reversing Britain’s decline was seen by her in economic terms because the most obvious problems were economic ones. Her remedies were cautious, flexible and responsive to these problems as they crossed the government’s path. Insofar as anything like ideology was involved, they were drawn largely from the Anglo- Scottish tradition of classical liberal economics. But as Shirley Robin Letwin points out, that tradition had been common to both parties until the First World War and even later. It was seen as Conservative tradition as much as a liberal one. It was also an intellectually formidable tradition with applications to most of the problems facing the new government. Above all, however, the most obvious rival set of economic solutions – a social democratic version of Keynesianism – seemed to have come to the end of its tether with strikes that brought Britain to a standstill in what became known as the 1978–79 winter of discontent.

Thatcherism in economics therefore had a strong claim to being a new economic commonsense following the implosion of the “post-war consensus”. Yet Thatcherism was never purely economic.

When British interests were challenged from other directions, as in the Falklands War and the Cold War, Mrs Thatcher drew on other relevant traditions: notably on tough-minded national interest realism and on a moralistic one of liberal internationalism to justify her patriotic purposes.

Moreover, Thatcherite impulses, whether in economics or foreign policy, were *not* the final determinants of policy. If a fierce patriotism drove her, it was governed by a highly practical prudence. Her two central victories in the Falklands War and the miners’ strike illustrate this. She did not expect or plan for the Argentinean seizure of the islands, but a politics of national regeneration could hardly refuse such a challenge. Though she was annoyed by Secretary Haig’s mediation efforts in that war, she let them play out to the end. She took calculated risks militarily and diplomatically – but only after she had digested the best expert advice. At several points she offered concessions to Buenos Aires that she privately thought dangerous at several points, but she did so from the calculation that greater dangers lay in obduracy. All in all, she manoeuvred to victory as much as moving boldly towards it. In the same way, she surrendered to the miners’ union demands in 1981 when she was informed that the nation had insufficient coal stocks to resist a strike. But she at once began preparations, including a build-up of coal stocks at power stations, to resist any strike later. When it came three years later, she defeated it.

These two outright victories ran counter to the usual post-war British politics of compromise and splitting the difference. Together with her prominence in Cold

War diplomacy and her successful economic policy, they established her domestic dominance, entrenched her economic and labour union reforms as the new consensus of British politics, and elevated her international profile.

In foreign affairs Mrs Thatcher personally played a crucial role in helping other West European governments to resist the powerful peace movement and so got US missiles stationed in Western Europe. She brought together Reagan and Gorbachev in their crabwise dance towards ending the Cold War peacefully at the various summits of the mid to late 1980s. To be sure, Thatcher was the subordinate partner in the Reagan–Thatcher relationship on military and diplomatic policy. Given the relative size of their two economies and militaries, that could hardly have been otherwise. Indeed, she should also have been the junior partner in terms of economic influence too. Yet she was not. It is Mrs Thatcher who will probably be regarded by history as the more important and influential economic reformer that was the judgement of a distinct Australian commentator.

Why should that be so? In the first place the recovery of the British economy in the 1980s was more impressive because it started from a lower economic point and occurred in a more left-wing country. Then, Thatcher had harder opposition to overcome – her labour market deregulation, for instance, had to overcome resistance from timid Tory “Wets” as well as from Labour MPs. Next, the reforms had to defeat major non-parliamentary challenges from the labour unions.

Once the miners were defeated, however, the British economy joined the American one in providing demonstration effects of what free market reforms could accomplish in a short time. Those demonstration effects, however, were not identical in terms of policy. Tax cuts were America’s principal intellectual export;

privatisation was Britain's. Of the two, privatisation turned out to be more important globally since both Third World and post-Communist economies were burdened by large inefficient state industries to which privatisation was a ready-made solution. So when privatisation succeeded – which it did with surprising speed – the most unlikely converts took note.

Thatcher, even more than Reagan, posed an economic challenge to the Soviet Union: either reform or fall ever further behind the capitalist West. The comparison between the British recovery after a decade of free market economics and the continuing stagnation of the Soviet economy after seventy years of Communism was too embarrassing to ignore. Gorbachev's perestroika was the result. Once perestroika was introduced, however, it very rapidly destroyed the Communist system it was designed to save. And once the command economies of the Soviet bloc collapsed in 1989, revealing the extraordinary wasteland of state planning, it was the Thatcher model that the new democracies mainly sought to emulate.

Thatcher, Reagan and John Paul II were all heroes in post-communist Europe, but it was Thatcher to whom the new economy ministers such as Poland's Leszek Balcerowicz, Czechoslovakia's Václav Klaus, and Estonia's Mart Laar looked as their model of how to reform a bankrupt socialist economy. They say as much. And the more thoroughly post-Communist societies followed the Thatcher model, the more quickly their economies rose from the dead.

It was not only in the post-Communist world, however, that Margaret Thatcher was seen as an inspiration. Thatcherism had an important impact both in Africa and Asia. Privatisation, the better control of public debt, lower taxes, and the reduction of barriers to trade and capital movements – these became the new

conventional wisdom in Ministries of Finance around the globe. Their broad result – “globalisation” – became the watchword of World Bank and IMF reports. There are naturally points of view much more critical of the Thatcher legacy. The first such school consists of partisan Labour and Liberal critics who argue that her economic policies simply failed. Now, it is undoubtedly true that serious errors of economic policy were made. But they were far outweighed by the economic successes of Thatcherism, notably a sustained rise in productivity.

Some of those successes were evident at the time – she left Britain as the world’s fourth largest economy, after all – but the general and sustained improvement in Britain’s economic performance continued through the Major and Blair administrations right up to the 2008 financial crisis. On becoming Chancellor in 1997, Gordon Brown was given a Treasury briefing on the economy which concluded with the words: “These are wonderful figures.” To which he famously replied: “What do you want me to do? Send them a thank-you note?”

Even if the Liberal and Labour criticisms of Thatcher’s purely economic legacy were correct, however, that would not be a conclusive criticism of her overall record. Her privatisation revolution, her safeguarding of constitutional democracy by her defeat of the miners, her victory in the Falklands War, her role alongside Reagan and Kohl in the defeat of Communism, her trade union reforms – these and other changes she wrought were plainly both important and beneficial in political, or strategic, or constitutional terms even if they had contributed nothing to economic improvement.

One can sensibly mount modest criticisms of these achievements; but it is simply impossible to persuade open-minded people that they are substantial failures or

disasters. The proof of that is that even where the Labour and Liberal Democrat parties continue to attack them, they do not propose their repeal or rejection.

The second school of critics is the liberal intelligentsia – those in the cultural establishment, the BBC, the universities, etc., etc. They have largely retreated from their contemporary criticisms of her dress sense, accent and all-round philistinism. Even at the time these sounded alarmingly snobbish (“suburban”, “odiously vulgar”, “low”, etc.) even at the time and they embarrassed the critics rather than their target.

The same critics now suggest in a world-weary way that Thatcher was not that important, merely a conventional Tory politician until 1975, when she saw a gap in the political market and adopted an economic liberalism then in the air. She was, they argue, more a symptom of global changes than their inspirer. All in all, she did not really make much of a difference. None of these critics argued in the 1980s, however, that Mrs Thatcher was the beneficiary of favourable historical trends; indeed, they usually argued the precise opposite – that she was foolishly defying inevitable trends. Indeed, anyone at the time who paid attention knew of her opinions, character and forcefulness. So when she was a candidate to enter the Shadow Cabinet, Ted Heath told a close and like-minded colleague: “Yes, she’s the ablest woman we have, but Willie says that if we let her in, we’ll never get rid of her.” A nice nonentity was appointed in her stead.

That brings me to the third school of contemporary critics. This is a large and heterogeneous one, composed of all those who have to explain why Mrs Thatcher’s impressive achievements and strong character, now more or less undeniable, are less praiseworthy than we might all imagine. This common theme (linking such disparate critics as moderate social democrats, liberal historians,

Tory left-wingers and her adversaries in the higher journalism) holds that Mrs Thatcher was a courageous woman who won important battles but deserves little credit for this because a more amenable leader could have won them with less acrimony.

According to this school of thought – exemplified in the Meryl Streep biopic – her career was magnificent in its bravura way, but was it really necessary? Did Britain pay too high a price? Did her family pay too high a price? Did she herself pay too high a price?

No! No! No! is an appropriately Thatcherite answer to these questions.

What happened in Britain in the 1980s was a genuine social crisis in which a reforming government had to deprive powerful vested interests of their rents, privileges and restrictive practices in order to revive the economy, restrain inflation and restore social stability. That required tough measures both economically and in police terms. There really was no alternative – as her TINA nickname advertised. It is self-deception to imagine that either an emollient Tory leader or a conference of trade union leaders and social democratic stakeholders would have defeated the miners, inflation and the Argentinean generals.

And we should alert it is sentimentality on the part of the British public to resent the government in the aftermath of its achievements because it feels a nostalgic admiration for the miners whose defeat it had hoped for in every poll. Such emotions are the opposite of serious politics – and indeed the opposite of serious emotions.

So none of the three main criticisms of the Thatcher legacy that I have singled out – namely, that she failed; that she did not really matter; that she could have won

with much less *Sturm und Drang* – hold water. What is the meaning of the Thatcher legacy therefore? What is Thatcherism? And why are its lessons valuable today if they are?

So the first important truth about Thatcher and Thatcherism, as I argued at the outset, is that they were not creatures of abstract ideology but a practical response to the problems of Britain in the 1970s and 1980s. Theory cannot, of course, be wholly banished from political activity and government policy. As Hayek pointed out, without theory the facts are dumb. And as Keynes pointed out, the most practical people draw unselfconsciously on the ideas of philosophers when they are solving problems. But being practical rather than ideological, they draw not on one philosopher's theory but on several theories, perhaps conflicting theories, in the light of how they seem to have worked out in practice on earlier occasions. They also abandon them if their practical results on this new occasion run counter to experience or expectations.

Mrs Thatcher, not being the ideologue of the Left's imagination, did not look behind herself to theory but in front of herself to the problems. Since these included inflation, a large public sector deficit, hard-to-control government spending, over-mighty trade unions, over-manning, restrictive practices, and a rise in world energy prices due to OPEC, her practical responses were seen principally in economic policy. Within that policy, however, her emphasis changed over time to suit different circumstances and to meet different problems. In other words, her policy was to reduce inflation but she employed different policy instruments to do so in the light of experience.

Monetarism – or controlling selected monetary aggregates (which was stage one of anti-inflationary policy) – brought down inflation but at a high cost in

unemployment and business failures. It was therefore eased and in time replaced by another policy instrument: to convince the global markets that the UK was serious about halting inflation targeting the exchange rate. In due course this morphed into “shadowing the D-Mark” and later still, when inflation began to rise again, into a conventional monetary squeeze, and finally a decision to join the European Exchange Realignment Mechanism.

Though both the 1980–81 monetarist policy and subsequent shadowing the D-Mark are important events in the history of Thatcherism, what they tell us about the *nature* of Thatcherism is that monetarism was merely one of several policy instruments that the Thatcherites employed to reduce inflation. As each of these instruments proved wanting in some way or to have undesirable side-effects, it was abandoned and something else was tried.

So what was the underlying objective which these instruments were designed to serve? One can cite the conquest of inflation, or the restoration of budgetary balance, or the need for higher productivity. All these were sensible aims and all of them were indeed pursued. But all governments aim to achieve these things. What was distinctive about Thatcherism is that these things were pursued *indirectly*.

Thatcherites hoped to bring them about not through direct policies of intervention to compel people or companies to do certain things but by establishing what they repeatedly called a “framework of stability” that would give them the certainty and confidence to pursue their own aims and interests. Once such a framework was in place, people were trusted to act in such a way as to lead to these other desired results. What individuals, families and companies aimed at might differ in every case; their hopes and aspirations were a matter for them, not the

government, to choose. But it was a Thatcherite assumption that their individual aspirations, once freed from government control and granted the stability needed to make confident plans of their own, would result in an overall economic upsurge that would produce greater productivity, a better budgetary balance and higher tax revenues (even if these were raised from lower marginal tax rates). And so it proved.

And that brings in the second basic element in Thatcherism: what Shirley Robin Letwin called the “vigorous virtues” in her philosophical study: *The Anatomy of Thatcherism*. These are such qualities as hard work, diligence, saving for a rainy day, prudence, sobriety, self-control, enterprise, and perhaps a religion like Methodism with a moral earnestness that metropolitan liberals like to mock. These are the virtues that enable people to work hard, to be promoted, to save, to establish families, to bring up children, to seize all kinds of opportunities, to found companies, to develop self-reliance, and in general to play an independent part in social life.

Moralists have sometimes sneered at these qualities as selfish, acquisitive, greedy and so on. And some energetic people are indeed guilty of selfishness and other vices. If we stand back, however, we can see that the vigorous virtues are quite as likely to be used for self-chosen virtuous goals as much as for narrowly egotistical ones. Indeed, they are the necessary foundation of the softer virtues such as compassion since only self-reliant people are in a position to help others.

That, of course, was the intended (and genuine) meaning of Mrs Thatcher’s much- misunderstood remark that “there is no such thing as society”. As she made clear in the passages surrounding that remark, when we ask society to help the poor or to rescue people hit by a natural disaster, we are asking other people

to help them, whether individually or collectively. Mrs Thatcher's strength here was that she did not merely approve of these virtues in theory. She incarnated them. She was a hard-working scholarship girl who knew that knowledge is both hard-won and precious and who never stopped learning. She was a grocer's daughter, who serving behind the family shop counter, saw in simple practical terms how the free market brought goods from all over the world to a small city in Lincolnshire. She was a well-brought-up Methodist girl whose favourite religious quotation was John Wesley's "Earn all you can; save all you can; give all you can". And because she incarnated the vigorous virtues, she was persuasive in advocating them.

She and her colleagues must have had some anxiety lest these virtues had been discouraged and sapped by the various subsidies and benefits that all parties had provided to the voters since the First World War. Did the vigorous virtues still exist within the people? And if they were latent, how could they be revived? Indeed, would enough people seize the opportunities newly presented to them? In three areas the answer to these questions was favourable. A million council houses were sold to their tenants. Corporate managers used their new freedom to manage under labour union reforms to create more efficient industries, notably in the privatised sector. Millions of new shareholders bought shares in the former nationalised industries. Not everything worked like clockwork, of course, but the broad picture was one of greater enterprise, ownership, self-reliance and general social improvement. More people owned property, including shares in industry; more people chose self-employment over working for a salary; more small business start-ups were registered.

In short the vigorous virtues became vigorous again rather quickly (though not universally). The broader economic effects, including those that indirectly

benefited the government by increasing tax revenues, began to be felt. And the transformation was rapid. Thatcherism began to be seriously implemented in 1980 and 1981. By the middle 1980s inflation was coming down sharply and productivity was rising. By the 1987 election there was a general sense in Britain and abroad that the country had recovered economically and was beginning to thrive. In the third term, with all its disappointments, privatisation ceased to be a controversial policy and became an export industry. If a sense of national well-being is a test, the British plainly felt that Thatcherism had passed it – in part because the nation itself seemed to be a repository of the vigorous virtues.

Mrs Letwin also argues in her book that Thatcherism drew more broadly on a distinctive English morality. She argues that since medieval times European nations had a morality that, drawing on the classical philosophers, distinguished between reason and the passions, thinking that reason should be vested in a government powerful enough to control the unruly passions of its citizens in order to prevent their descent into conflict. The English, however, had developed a different view of reason as something not distinct from – or opposed to – the passions but as integrated with them in a single faculty. Reason is in this moral vision “a faculty that enables human beings to interpret and respond to experience as they will ... a creative power that enables each person to choose differently from others, indeed differently from what he himself did yesterday”. So an individual is neither a mechanical effect of larger social causes nor a plaything of his own unruly passions. As Mrs Letwin writes: “In this picture then, a human being in possession of his faculties is never merely potter’s clay. He is himself both potter and clay because he necessarily decides what to make of whatever happens to him.” And if individuals are rational beings making choices in the light of the opportunities open to them, their choices should be respected. Social

and political institutions should not be their permanent guardians imposing order on them against their desires but arrangements to enable them to make those choices without bumping into each other – and thus to allow them the maximum freedom of action in doing so. Mrs Letwin believed—she died ten years ago, she was a dear friend, and she credited me a foreword for suggesting her book—she believed that Thatcherism is the recovery of this almost-lost English social vision. Admittedly she does not believe that Mrs Thatcher had arrived at this same vision self-consciously and thought through its various implications. Indeed, she knows she had not; the two women were friends. But she intuits that Mrs Thatcher, in part because she was a provincial at heart, had held fast to the remnants of this morality at a time when it was retreating before the advance of statist and socialist ideas in the metropolis. She was rather like an amateur singer who, unable to read a note of music but able to hold a tune, sings songs from her youth that others have forgotten until her singing stirs their memories. They see things again as they once saw them. They realize that their dreams are not idle fancies but practical possibilities they can achieve if they make the required effort. Hence the surprisingly swift revival of England's vigorous virtues and latent enterprise.

One need not share this analysis entirely in order to see Thatcherism as the recovery of those forgotten songs. They are an un-theoretical spirit of an English individuality, both liberal and conservative, both patriotic and open-minded, that once encompassed all English people and crossed both parties. Now, however, they mark a new division between those who still resonate to this older liberal spirit and those converted to the new constructivist rationalist „liberalism” of the European project.

Indeed, the founders of the European Union explicitly justified their new political order as a means of preventing their peoples from following their passions into

conflict—in terms that Mrs. Letwin would have recognized and that Mrs. Thatcher instinctively doubted. Yet, almost inevitably given the paradoxes of history, it is the successors to those founders who now aggravate national conflict and social distress by their unruly passion for uniformity in the case of all European constructivist ideas but in particular of the Euro.

And that was, of course, Mrs Thatcher's last battle. She reached Eurosceptic conclusions on the euro and more broadly on Britain's European commitment in her retirement. She took time to do so. As a practical politician, she was always a work in progress, feeling her way in new policy areas, but as she grew more confident on an issue, making judgements that were generally consistent with all her other political instincts. The more she encountered the European Union, the more suspicious of it she became. It seemed to her to concentrate the centralising and levelling passions in one vast bureaucratic machine insensitive to the sovereignty of nations and to the aspirations of citizens. Above all, she believed it simply did not suit the British who had grown up under different institutions and with a different social outlook.

On this issue she will prove to be either ahead of her party or behind history. If Brexit eventually succeeds and becomes the new conventional wisdom of British politics, then Thatcherism might be the start of a new phase of British history, leading either to an adventurous independent English nationalism in the style of (though in very different circumstances from) Elizabethan England and perhaps to a renewed closeness to the countries of the Anglosphere straddling the world. If Britain votes to remain in Europe, she will seem to be behind history, and Thatcherism will look like a glorious last stand by Old England, the England that more or less invented classical liberalism in 1699, before it is subsumed into a collective European non-identity.

In either event she will have deserved well of the people she governed for eleven years. Without her they would have been given no choice in the matter.