This chapter examines a range of policies followed by the Thatcher administrations under the broad umbrella of a concern with privatisation. The chapter considers each of three elements of privatisation identified in Chapter 6: the sale of local authority assets, the introduction of market discipline into service delivery and the attempt to encourage individual and private sector provision to meet public policy goals. The policies each constitute a form of privatisation because they involve, respectively: the transfer of public resources to the private sector; the introduction of organisational forms and rules in tune with those of the private market; and, finally, the substitution of private sector resources for public sector involvement. Each in different ways involves limiting the role of the public sector and enhancing the influence and role of private sector institutions, values and resources.

In Chapter 6 we noted how such policies connect with the concern to hold back public spending. Privatisation in its different forms is seen as enhancing the financial position of local government by providing receipts, increasing efficiency, or limiting the need for public spending. Privatisation policies also had a certain unity because they contributed to the Thatcherite vision of a restructured local government playing a part in creating the flexible economic structures, a two-tier welfare system and an enterprise culture seen as essential to the future success of Britain.

Beyond the broad concerns identified above it is possible to see particular motivations for individual policies. Council house sales, for example, were pursued because of their anticipated electoral benefits. Competitive tendering was motivated, in part, by a ‘gut’ dislike of the influence and strength of public sector trade unions.

The programme of privatisation, has not always met with
success. Opposition and resistance have emerged to weaken or even undermine some of Thatcher’s radical policy initiatives. The process of implementation is a key concern of this chapter. We will examine how the Thatcher administrations have struggled to create the appropriate legislative, financial and policy tools to achieve their objectives. Thatcher’s ministers have learned and developed their ideas in a process of action and reaction. The success of policies, however, has also revolved around the emergence of a group of local supporters for policy initiatives. These supporters may be politicians and officials inside the local government system or in some instances external interests whose commitment has been stimulated.

Governments can pursue policies in a ‘top-down’ manner, laying out what they want to occur and taking measures to ensure that others comply with their wishes. As we have already noted the Thatcher administrations were particularly prone to this style of decision-making. Yet when observing such a style the analyst may be deluded into thinking that the process of policy formulation and implementation can be made to match a hierarchical model of command and obedience. The non-executant position of central government and the diverse interests and values represented in the local government system result in a much more complex politics of policy-making and implementation. The Thatcher administrations may have rejected the ‘bottom-up’ perspective which recognises the need for negotiation, consultation and compromise to put policies into effect, but they have not been able simply to impose their top-down policy solutions.

Pirie (1988) argues that Government ministers have engaged in a deliberate manipulation of other actors and interests in order to achieve policy objectives. Drawing on the insights of public choice theory (see Chapter 10) and the analysis of Right-wing ‘think-tanks’ the self-interest dynamics of the political system have been recognised and used by the Thatcher administrations. Pirie argues for a process in which:

An analysis identifies all of the groups in the political market in question and traces the perceived benefit they receive. A policy is then constructed to offer as many of them as possible a bigger gain from the new method than they enjoyed before (1988, pp. 143–4).