

## A little bit of history

### The Commanding Heights

#### *The Battle Between Government And The Marketplace*

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The Commanding Heights: The Battle Between Government And The Marketplace.

THE MAD MONK: Britain's Market Revolution - In the late 1960s, a young conservative politician named **David Howell** was charged with working out a plan, as he put it, "to unravel Britain's huge state sector and at the same time widen capital ownership in British society." Scouring the United States for ideas, he ran across the word privatization in the work of the economic and social theorist Peter Drucker. Howell thought it was an unattractive word; nevertheless, he also thought it described what he had in mind, and he deployed it in a 1969 pamphlet, "A New Style of Government." But then, as Howell put it, the idea lay "dormant," until Joseph and Thatcher picked it up. The odd thing about the word was that its proponents found it both so ugly and yet so useful. "I don't like it," said Thatcher. "It's free enterprise. But we had to accept it. It was one word." In fact, Thatcher disliked the word so much that for some time she refused to use it at all. But like everyone else, she gave in. "None of us could come up with anything better," wrote Nigel Lawson, who served as both energy minister and chancellor of the exchequer. "And, as this word, or quite literal translations of it, is now used from Siberia to Patagonia, we may as well stick with it." Thatcher adopted the concept, if not the word, because she saw in it something much more than a means to raise revenue for the Treasury or rein in the unions. It was about changing the balance in society. "I wanted to use privatization to achieve my ambition of a capital-owning democracy. This is a state in which people own houses, shares, and have a stake in society, and in which they have wealth to pass on to future generations." Out of that ambition came her fervor. The Labour politicians had promoted state-owned enterprise, before and after World War II, as an almost altruistic undertaking. "The public corporation must be no mere capitalist business, the be-all and end-all of which is profits and dividends," Herbert Morrison, the Labour politician who had so much influence on the postwar nationalization program, had said. "Its board and its officers must regard themselves as the high custodians of the public interest." But in practice, argued the Thatcherites, that higher vision could not be attained. Was government going to be any better in figuring out the future than private business? It did not have access to a higher level of knowledge. Indeed the Thatcherites disbelieved in government knowledge. As Lawson put it, governments "enjoy no unique hot line to the future." The record suggested just the opposite—inflexibility in the face of change. Whatever the vision, state companies had often proved in practice to be highly inefficient,