

Wider ownership and Margaret Thatcher (first published in House magazine)

Everyone an owner was the central slogan I put to Margaret Thatcher when I became her principal policy adviser. She liked the idea. I worked up ways to promote home ownership, small business ownership, share participation in larger companies, employee share schemes, popular shareholdings from nationalised industry sales, more identification of an individual with their pension or insurance savings, portable pension plans and strengthened shareholder democracy. It was an exciting time. We wanted many more people to have a stake in the country, to own their own piece of land, their own home, a share in larger enterprises or their own business. Whilst the socialists worried about the concentration of ownership and wealth with a view to taxing the few that did enjoy the benefits of ownership, we wanted to do something positive to empower the millions in the economic life of the country and to spread wealth much more widely.

I wrote about the revolution in "Popular Capitalism" and in pamphlets on promoting wider ownership. Each privatisation sale of a nationalised business contained special provisions for free and discounted shares for employees. My favourite government asset sale was National Freight. This nationalised road freight business was sold to its employees who immediately set about transforming it into a more modern more profitable and successful logistics company. As one of the lorry drivers explained to me when I interviewed him for a film about it, becoming a shareholder changed his approach. Where before if the lorry did not work in the morning the driver might give it a kick and decide he could not take it out, as a co-owner he helped coax the vehicle back into life so it could generate revenue again that day. The truck driver owners opted for professional management on the grounds they wanted their investment looked after by people who knew how to do it. Later I was able to help the miners of Tower Colliery in Wales buy out their pit which the Coal Board said was no longer economic and wanted closed. The miners proved the Coal Board wrong and kept it going for many years afterwards successfully.

The movement needed lower taxes to make it cheaper to acquire assets and to hold and enjoy them. Income taxes were lowered generally, leading to a big overall boost in revenue, whilst savings were given special treatment to boost them further. Council house sales were developed with bigger discounts to make them more affordable. Labour argued strongly against it on the bogus grounds that it reduced the supply of housing. We pointed out the same person lived in the home after sale as before, but the state had a capital receipt it could use to build another home. Soon we found Labour party members and Councillors buying their own Council home, undermining their party's statement of principle against the idea.

Some Unions wanted to oppose employee shareholdings in former nationalised industries, as they opposed privatisation. They found most of their members wanted to take up the free shares on offer to employees, and many wanted to

buy discounted shares on top. Why wouldn't you want to have a share in the profits of the business you worked for? How did the employee share schemes for former nationalised industry staff differ from the co-op approach to ownership which the Labour party supported?

We encountered opposition from unlikely quarters in business and the Conservative party. Harold Macmillan, a former Conservative Prime Minister complained in a very patrician way we were selling the family silver. I countered we were returning the silver to the family members. Some in the nationalised industries did not like the way we introduced competition into unresponsive monopolies when we sold off telecoms or energy businesses. It was giving customers choice and allowing challengers to emerge to the traditional businesses we sold that added much of the economic gain and helped fuel the UK economy to better performance.

Privatisation solved the bedevilling problem of capital shortage that nationalised industries faced. All their investment counted as public spending and it often got cut to give priority to the NHS or schools. Once out in the market they could raise much larger sums based on the need and the prospective returns. In the case of electricity generation it allowed the change from fuel inefficient and dirty coal driven power stations to much more thermally efficient and cleaner gas stations. It was the greenest policy any UK government has followed.

Our telephone system was modernised rapidly once out of state hands. It moved from electro mechanical old fashioned equipment to electronic and digital. It moved from copper cable to fibre optics. It moved from only allowing a handful of phones and add on equipment from the monopolist to a profusion of choice from worldwide suppliers. Out went rationing of phone capacity by delay in installing a line and line sharing through so called party lines, to modern levels of service and availability. The mobile phone revolution became possible thanks to privatisation and the end of the monopoly. It would have been very difficult for the UK to build the amazing success in financial and business services which followed if we had continued with a monopoly phone supply with rationing and out of date equipment.

Popular capitalism did create many more homeowners, share owners, business owners and employee share holders. It did transform whole industries from phones to electricity. It was part of Margaret Thatcher's great success and enduring legacy.