

# CONTENTS

List of figures	x
List of tables	xii
Acknowledgements	xv

## Part I Introduction

<b>1 Evaluating structural economic change: Britain in the 1980s</b>	<b>3</b>
Francis Green	
<i>Department of Economics, Leicester University</i>	
1.1 Introduction	3
1.2 From decline to restructuring	4
1.3 Thatcherism	5
1.4 The entrepreneurial way	7
1.5 Landmark policies of the Thatcher government	9
1.6 Evaluation: macroeconomic and structural	14
1.7 Conclusion	20

## Part II The anatomy of structural change

<b>2 Uneven development and de-industrialisation in the UK since 1979</b>	<b>25</b>
John Wells	
<i>Faculty of Economics and Politics, Cambridge University</i>	
2.1 Introduction	25
2.2 The evolution of the pattern of domestic expenditure	34
2.3 Changes in the pattern of consumers' expenditure	39
2.4 Increased net exports of services?	43
2.5 Manufactures: domestic output and domestic expenditure compared	46

2.6	How was the deteriorating manufacturing trade balance financed?	48
2.7	The cause of inadequate manufacturing performance during the 1980s	51
2.8	Uneven output growth: conclusions	54
2.9	Manufacturing-services: differential employment experience, 1979-87	57
2.10	Conclusions	57
<b>3</b>	<b>The macro-anatomy of the Thatcher years</b>	<b>65</b>
	Andrew Glyn <i>Corpus Christi College, Oxford University</i>	
3.1	Private consumption and the pattern of disposable incomes	66
3.2	Government expenditure	71
3.3	Business investment	71
3.4	Conclusions	76
<b>4</b>	<b>Regional imbalance as consequence and constraint in national economic renewal</b>	<b>80</b>
	Ron Martin <i>Department of Geography and St Catharine's College, Cambridge University</i>	
4.1	British economic renewal and the Thatcher project	80
4.2	The rationalisation of manufacturing: spatial bias in de-industrialisation	82
4.3	Regional imbalance in the growth of the service economy	86
4.4	The 'Post-industrial' South: the Thatcherite exemplar of the 'New Britain'	89
4.5	The uneven Thatcher boom: consequences and constraints	92
<b>Part III Production process and labour market</b>		
<b>5</b>	<b>The productivity miracle?</b>	<b>101</b>
	Peter Nolan <i>School of Industrial and Business Studies, University of Warwick</i>	
5.1	The productivity record	102
5.2	The 1980s 'Breakthrough'	104
5.3	The limits to productivity growth	110
5.4	Conclusions	119

<b>6 The manufacturing productivity 'miracle': a sectoral analysis</b>	<b>122</b>
David Blackaby and Lester Hunt	
<i>Department of Economics, University College of Swansea and Department of Economics, Surrey University</i>	
6.1 Introduction	122
6.2 Overview of individual sectors productivity growth	122
6.3 A shift-share analysis of manufacturing productivity	124
6.4 Summary	129
Appendix	129
<b>7 The training system of British capitalism: changes and prospects</b>	<b>131</b>
David Ashton, Francis Green and Martin Hoskins	
<i>Labour Market Studies Group, Department of Sociology and Department of Economics, Leicester University</i>	
7.1 Training and economic performance	134
7.2 Thatcherism, internationalisation of capital and training	135
7.3 Training systems in other countries	147
7.4 Conclusion	150
<b>8 Labour market flexibility in Britain</b>	<b>155</b>
Jill Rubery	
<i>School of Management, UMIST</i>	
8.1 Flexibility and the labour market regulation system	157
8.2 Flexibility and the industrial system	164
8.3 Flexibility and the operation of the labour market	167
8.4 Flexibility and the system of social reproduction	169
8.5 Conclusions	171
<b>9 The changing distribution of income under Mrs Thatcher</b>	<b>177</b>
Thomas Stark	
<i>Department of Banking and Commerce, University of Ulster at Coleraine</i>	
9.1 Introduction	177
9.2 The data sources	178
9.3 The facts	179
9.4 Sources of inequality changes	181
9.5 Changes in the composition of incomes and the importance of wage inequality	185
9.6 Conclusions on the causes of increasing inequality	189
9.7 The impact of redistribution policy	190
Appendix	193

**Part IV Policies and agencies for modernisation**

<b>10 R&amp;D, technical change and investment in the UK</b>	<b>199</b>
Chris Freeman	
<i>Science Policy Research Unit, Sussex University</i>	
10.1 Introduction	199
10.2 Measurement of scientific and technical activities and UK performance in R&D	201
10.3 The level and trend of UK industrial R&D in the 1970s and 1980s	205
10.4 The outputs of the R&D system	209
10.5 Innovation, diffusion of innovations and productivity	215
10.6 Technology policy and economic policy: conclusions	218
<b>11 Denationalisation</b>	<b>225</b>
Ben Fine	
<i>Department of Economics, Birkbeck College</i>	
11.1 Introduction	225
11.2 Theoretical considerations	228
11.3 Assessing the impact?	232
11.4 The privatisation of electricity	235
11.5 Concluding remarks	238
<b>12 The financial system and capital accumulation in the 1980s</b>	<b>242</b>
Jan Toporowski	
<i>Faculty of Management and Policy Studies, South Bank Polytechnic</i>	
12.1 Boom and reform in the financial system	243
12.2 Financial reform and economic efficiency	249
12.3 The financial markets and profits	254
12.4 The financial markets and capital accumulation in the 1990s	258
12.5 Conclusion	260
<b>13 Multinationals and the British economy</b>	<b>263</b>
Paul Auerbach	
<i>School of Economics, Kingston Polytechnic</i>	
13.1 Two contrasting views of multinational development	263
13.2 British outward multinational investment	268
13.3 Inward multinational investment	271
13.4 1992	273
13.5 Conclusions	275

<b>Part V Thatcherism in historical perspective</b>	
<b>14 The Thatcher revolution</b>	<b>281</b>
Bob Rowthorn	
<i>Faculty of Economics and Politics, University of Cambridge</i>	
14.1 General observations	282
14.2 The economic miracle	285
14.3 Production	287
14.4 Some historical comparisons	290
14.5 Crucial weaknesses	293
14.6 Conclusions	296
<b>15 Is Thatcherism the cure for the British disease?</b>	<b>299</b>
Meghnad Desai	
<i>Department of Economics, London School of Economics and Political Science</i>	
15.1 Structural problems of British capitalism	300
15.2 Industrial relations	302
15.3 Industrial structure	304
15.4 Economic structure	305
15.5 Class structure	306
15.6 Coping with constraints	306
15.7 Modernisation strategies 1964–1979	308
15.8 Thatcherism arrives	310
Index	313