

The agencification of government under Thatcher continues to have profound repercussions for UK democracy

[Christine Cooper](#), [Jonathan Tweedie](#), [Jane Andrew](#) and [Max Baker](#) use archival evidence to show how Margaret Thatcher wanted to make government 'efficient' through the adoption of business-like practices as soon as she came to power in 1979. Having been met with resistance in Whitehall, Thatcher used agencification to break this opposition, curtailing the workings of UK democracy in the process.

For those curious to understand more about how government operates, a look at the 'How government works' section of the [government's website](#) reveals the scale of the role played by 'executive agencies' in operationalising policy. Currently, a total of 410 agencies and other public bodies form part of the UK government's sprawling structure. These agencies and public bodies are service delivery units that support ministerial departments, but do so whilst operating at arm's length from ministerial control. In effect, this means that those whom we elect to power *look* as though they are in charge, but in practice have scant direct power (and accordingly, accountability) over governmental operations. The democratic core of government has been hollowed out by radical structural reform began under the Thatcher government. Our research into Margaret Thatcher's [declassified government archives](#) traced how and why the 'agencification' of government came about.

The profound impacts of the Thatcher years on British political and economic life have been well documented. One lesser-considered aspect is the way in which Thatcher profoundly reshaped the workings of government. While privatisations of British Steel, British Petroleum, Rolls Royce, and British Airways grabbed headlines, Thatcher and a close group of political allies quietly made radical structural changes to the workings of central government, removing ministerial control of government operations by splitting government departments into service delivery units, known as executive agencies, headed by chief executives rather than government ministers. Less glamorous or eye-catching than contentious privatisations of iconic emblems of British industry, the agencification of government – described at the time by officials as '[Perestroika in the civil service](#)' – continues to have profound repercussions for the workings of democracy today.

When she came to power, Thatcher was fundamentally opposed to the idea of a welfare state, or indeed any redistributive interventions made by the state. Her beliefs were [underpinned](#) by her austere Methodist upbringing, with its emphasis on self-reliance and the valorisation of hard work, and a political-economic worldview shaped by engagement with the emerging neoliberal ideas of Friedrich Hayek and Milton Friedman. Both Hayek and Friedman took a keen personal interest in Thatcher, and [celebrated her election](#) to office as a victory for their common 'battle'.

This entanglement of ascetic Methodist ideals with the political-economic thought of Hayek and Friedman – both of whom were extremely distrustful of welfarist-democracy, believing that the politics should be '[insulated from the emotional demands of the uneducated masses](#)' – lies at the base of Thatcher's aggressively pro-capitalist, anti-state belief system. In contrast to her deep scepticism of government, Thatcher had a religious-like faith in the workings of market capitalism, believing that markets should be left alone to allocate resources according to their own logics.

Accordingly, Thatcher sought to make government more business-like. In simple terms, this meant cost cutting: cabinet ministers and senior civil servants were expected to redirect their efforts away from strategies directed at social change and policymaking. Instead, they were expected to become managers, seeking efficiencies. Thatcher set up an '[Efficiency Unit](#)' just four days after taking office, tasked with delivering 'rougher justice in administration' by conducting 'scrutinies' that would identify opportunities for significant cuts to public spending. Led by a 'hatchet man', Derek Rayner, representatives of the 'ruthless' Efficiency Unit became known as '[Rayner's Raiders](#)'. Later, under the new leadership of Robin Ibbs, Thatcher [was made aware](#) that making cost-conscious managers out of ministers and civil servants was proving to be almost impossible.

Indeed, after seven years in power, little had changed. Public spending remained high and the '[Whitehall Philosophy](#)', with its careful adherence to rules and concern with public policy, persisted. [As early as 1982](#), Thatcher felt that her cabinet were against her. During most of her time in office, ministers and senior civil servants acted as a bloc, frustrating Thatcher's vision of the purpose of government. In order for Thatcher to achieve her ambitions, the allegiance between ministers and civil servants had to be broken. A plan of how to achieve this came in a 35-page report by the Efficiency Unit, called 'Next Steps'. The plan was so controversial that it was kept secret. It set out a scheme for breaking departments into agencies. Each agency would have its own directors who would be solely tasked with running the agency. Ministers were cut out of the picture.

For us, there are two powerful contemporary implications of this. First, agencified government dramatically reduces the opportunity for meaningful democratic accountability. Because elected ministers have less (or no) direct power over the day-to-day workings of government, they cannot be held accountable for operational aspects of government. So, ministers are shielded by a structure that allows them to shift blame onto agency chief executives in times of crisis, or to take credit when these agencies perform well. Historically, parliament could require the resignation of ministers for the conduct of their departments (even if the fault was that of civil servants); today, we have the unedifying spectacle of non-elected officials being hung out to dry.

Second, agencification replaces the 'old fashioned' bureaucratic emphasis on rules, procedure, and fairness with a preoccupation with performance targets. Today, performance metrics constitute the key link between agencies and their parent departments. This has led to a preoccupation with meeting targets at the expense of considering the way things are done. As such, basic principles in the workings of democracy – fairness, justice, equality of treatment – are compromised. Good government is government that hits targets. But how those targets are hit is seen as a secondary concern.

Note: the above draws on the authors' [published work](#) in *Public Administration*.

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