

## 2 The think-tank archipelago: Thatcherism and neo-liberalism\*

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In 1959, the Mont Pèlerin Society (MPS) met in Oxford, the first occasion on which the Society had held one of its regular conferences in Britain. Friedrich Hayek, Wilhelm Röpke, James Buchanan and other eminent figures gathered in Christ Church to debate, once again, the principles and practice of economic freedom. The Society had been founded by Hayek in 1947 as an international discussion group, composed of invited academics and a few select journalists and business-people. It devoted itself to the advancement of what would subsequently be dubbed 'neo-liberalism'. The Oxford meeting covered familiar terrain for MPS veterans – employment policy, monopoly, the values of a free society – but it also included a session on a fresh topic – 'Strategy and Tactics' – which featured, among other contributions, a paper by Ralph Harris and Arthur Seldon.

Harris and Seldon were the two young men recently entrusted with running the new British free market 'think-tank', the Institute of Economic Affairs (IEA). Harris had been taught by the MPS member Stanley Dennison at Cambridge, had worked for the Conservative Party for a time, and before taking up his post at the IEA had been employed as a leader writer on the *Glasgow Herald*. Seldon had been involved in Liberal politics in the 1930s and 1940s, having been educated at the LSE, where, he said, 'I was turned away from the Conservatives by Lionel Robbins who taught me that they were doing more damage than Labour in the 1930s by socialising in the name of capitalism.'<sup>1</sup> In their paper to the MPS, Harris and Seldon reflected on the obstacles to popularising free market ideas that they had encountered since beginning to work for the IEA.<sup>2</sup> These obstacles, they argued, did not stem

from public opinion, but 'from the opposition of established interests to unavoidable and desirable change, from the preference of weak politicians for following short-sighted public opinion rather than leading and from the skill of anti-liberal intellectuals in developing their new mythologies'. In short, they envisaged their principal task as influencing elite opinion – business, politicians and, most of all, 'teachers, journalists, broadcasters, lecturers and others who function as retailers and wholesalers of ideas'. In spite of the formidable task in front of them, Harris and Seldon detected significant 'chinks in the enemies' armour': 'rising incomes and the human spirit are on our side: there is a new groping towards independence: dependence on the state is a passing phase'. Indeed, by 'rejecting the free market, the non-liberals are *spurning the consumer*'. Above all, 'non-liberal' opponents could now be judged on 'their record: they can no longer confine the debate to theoretical idealism: the utopia has been seen at close quarters'.<sup>3</sup>

In retrospect, these remarks appear to outline core elements of what would become the Thatcherite critique of British social democracy. Certainly, the role played by neo-liberal intellectuals and think-tanks in winning the battle of ideas in British politics has long been a fertile approach to the analysis of Thatcherism.<sup>4</sup> Yet there has also been a nagging worry that this genre of Thatcher commentary has accepted at face value the self-lauding accounts of individuals and institutions that had a vested interest in promoting their own importance.<sup>5</sup> This chapter explores the relationship between neo-liberalism and Thatcherism by giving a historical account of the way in which neo-liberal ideas were disseminated into British politics. In particular, it cautions against too ready an acceptance of the self-image of the neo-liberal pioneers as a marginalised group of intellectuals who succeeded through the sheer force of their ideas. This image, I will argue, has obscured a more complex story about the sources of support for neo-liberalism and the political strategy of its advocates.

My approach in this chapter will be premised on two assumptions. First, as Harris and Seldon argued to the 1959 MPS meeting, the aim of the popularisers of neo-liberalism was not to convert public opinion but to influence elites. Their strategy drew on the pioneering analysis of Hayek, who thought the boundaries of political feasibility were determined by a conventional wisdom that was itself the product of 'second-hand dealers in ideas': journalists, academics, teachers, publicists, public intellectuals, novelists, political advisors and so on. These individuals – who usually had no particular claim to expertise themselves – drew upon what they took to be the most fashionable expert

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opinions and broadcast them to a wider audience. The key to changing policy, Hayek argued, was therefore to change the minds of this opinion-forming stratum. This was why the think-tank became such an important weapon for neo-liberals: it was a crucial instrument for changing the climate of opinion by persuading journalists, commentators and politicians that what they had previously regarded as out-of-date and intellectually unfashionable was, on the contrary, at the cutting edge of political thinking.<sup>6</sup>

As recent scholars of neo-liberalism have stressed, however, this 'battle of ideas' should not be analysed in purely idealist terms. Free market ideas did not obtain political prominence solely because of the incisive writing and thinking of great minds, but because of a concerted effort, sponsored by sympathetic business elites, to disseminate these ideas through a complex international network of institutions. This think-tank archipelago, which sprang up in Britain and many other nations during the post-war boom, drummed up the business sponsorship required to translate the abstract and uncompromising academic thinking produced by members of the MPS into a more digestible form. Thus, as Harris and Seldon had stressed in 1959, neo-liberal activists like themselves worked as brokers who mobilised and connected four important elite groups: business, sympathetic intellectuals, journalists and politicians.<sup>7</sup>

My second assumption is about sources: considerable archival evidence has yet to be fully exploited by historians or political scientists. These unpublished sources give an insight into the back channels and informal networks that were established in the 1960s and 1970s and which underpinned the publications that were the public face of neo-liberal proselytising. These sources have previously been explored by Richard Cockett in his path-breaking *Thinking the Unthinkable*. But in spite of the considerable achievement of Cockett's book, it should not be taken as the final word on this subject. My own investigation of the archives of the MPS and the IEA has led me to differ from Cockett in important respects.<sup>8</sup>

The chapter proceeds in two stages: first, I will examine the critical role played by the IEA and later by its allies in mobilising two crucial resources for the dissemination of neo-liberal ideas: financial support from the business community and the patronage and scholarly output of sympathetic intellectuals. Second, I will illustrate how these resources were used to shape elite opinion in Britain during the 1960s and 1970s, focusing in particular on the links between the IEA, the British media and the Thatcherite fraction of the Conservative Party.

## Mobilising resources

### *Business*

One of the great advantages of capitalism, thought Milton Friedman, was that inequality of wealth – and the patronage it facilitated – helped to preserve political freedom. 'In a capitalist society', he wrote, 'it is only necessary to convince a few wealthy people to get funds to launch any idea, however strange, and there are many such persons, many independent foci of support.'<sup>9</sup> As Friedman knew, neo-liberal theorists and think-tanks were themselves beneficiaries of such patronage. The financing of free market ideas in the United States has been widely discussed,<sup>10</sup> but there has been a curious silence on the relationship between such ideas in Britain and their business sponsors. Yet the IEA – and later sister institutes such as the Centre for Policy Studies (CPS; established in 1974) and the Adam Smith Institute (ASI; established in 1977) – were only able to operate successfully because of donations from business. Other sources of revenue, for example from the sale of publications, were never sufficient to cover costs.

This point has been mentioned by certain commentators, but they do not analyse its implications.<sup>11</sup> Such reticence, however, obscures an important aspect of the work of the IEA and its sister organisations: not the straightforward materialist point that the payer of the piper calls the tune, but that the influence between these think-tanks and their funders worked in both directions. Fundraising by neo-liberal advocates was simultaneously an exercise in harvesting much-needed financial and political support (which inevitably conditioned the nature of the work they subsequently undertook) *and* in teaching the business community what sort of economy and society was in their own best interests. As Mirowski has put it:

It was not that disgruntled conservative philosophers and corporate movers and shakers knew precisely what sort of political economy would prove to coincide with their interests; rather, they had to be taught what it was they wanted. Here lies a lesson for all explanations rooted in self-interest.<sup>12</sup>

Harris and Seldon made a similar point to the 1959 MPS Conference. They stressed the necessity of persuading self-interested 'businessmen', 'who wish to contract out of competition when it suits them', that they should stick to a more principled free market position. 'Sometimes', they noted, 'the worst enemies of the free market are businessmen.'<sup>13</sup>

The IEA was itself founded by a businessman, Antony Fisher, who had made his fortune by introducing the battery-farming of

hens to Britain. Influenced by a meeting with Hayek, it was Fisher who employed Harris and Seldon to realise his vision of 'a scholarly research organisation to supply intellectuals in universities, schools, journalism and broadcasting with authoritative studies of the economic theory of markets and its application to practical affairs'.<sup>14</sup> Fisher, a member of the MPS and the Conservative Party, was an early and true believer in the message of Hayek and his colleagues. He provided the start-up funds for the IEA and maintained oversight of its activities as chair of its trustees. But as the IEA evolved and gathered strength over the course of the 1960s and 1970s, Fisher's funding was quickly displaced, and exceeded, by a large number of annual corporate donations. These were recruited through an indefatigable fundraising regimen spear-headed by Ralph Harris and John Wood, a veteran of the Conservative Research Department, sometime City financier, and eventually the IEA's deputy director from 1969. The number of corporate donors to the IEA increased rapidly during the 1960s, from 110 in 1962 to 299 in 1968.<sup>15</sup> Thereafter the number of corporate donors fluctuated around the 250–300 level throughout the 1970s and early 1980s. The consistent donors to the IEA represented a fair cross-section of the business community: major companies such as BAT, BP, IBM, John Lewis, Marks and Spencer, Procter & Gamble, ICI, Shell, Tate and Lyle, and Unilever; the high street banks (Barclays, Lloyds, Midland, NatWest, as well as their Scottish equivalents); media outlets (the *Daily Telegraph*, the *Financial Times*, IPC Newspapers); the City (Lazard Brothers, British Assets Trust, Cayzer Irvine, Prudential); and the odd state-sponsored wild-card such as the Bank of England and the nationalised British Steel Corporation.<sup>16</sup>

Uniquely among British institutions, the IEA found the 1970s a time of financial promise. In spite of rising inflation and other adverse economic circumstances, revenue from corporate donors increased in real terms. 'Between ourselves', Harris told Milton Friedman in 1977, 'the Institute is now having no difficulty in keeping income ahead of inflation.'<sup>17</sup> It operated with a tiered system of contributions, ranging from small annual contributions of £100 or less up to annual contributions of £5000 or more. The game-plan was to recruit new donors to replace those who cancelled or reduced their annual donation, while persuading existing donors to give more each year. Harris, Wood and their colleagues were very successful at this. Annual donations brought in £47,264 to the IEA in 1968; by 1981 the equivalent figure was £267,040, a nominal increase of 565 per cent. In the same period, income from the sale of publications rose from £13,926 to £38,320 (a nominal increase of 275 per cent).<sup>18</sup> Perhaps unsurprisingly, the

most dramatic nominal rises in corporate income seem to have been after 1974, with donations rising from £76,574 in 1974, to £112,979 in 1975, to £161,979 in 1977, to £210,343 in 1979.<sup>19</sup> In real terms, the increases were much less spectacular, but the fact that the IEA was able to register real increases in income in this period was itself a significant achievement.

The broader political and economic environment of the 1960s and 1970s was an important driver of business support for the IEA, especially after the Conservative fiasco of 1974, though it was of course necessary for the IEA's team to capitalise on this opportunity. The IEA represented one conduit for business to express its unease about the tumults of this period, though it was by no means the only one – the more directly political lobby group, Aims of Industry, had around 4,000 corporate subscribers in 1974.<sup>20</sup> But the organisation's ability to serve as one vehicle for the mobilisation of business interests was itself due to the IEA's efforts to persuade businesses that the promotion of neo-liberal ideology represented one potent way of improving the economic outlook of enterprises who felt besieged by inflation, low profits and obstreperous unions. As Sir Nicholas Cayzer put it, an evening with the IEA had impressed on him that, since the left-wing output of universities was providing ammunition for the unions, the IEA was an important source of bullets for business. Cayzer's company, Cayzer, Irvine and Company, duly subscribed at the level of £250, eventually increasing to the level of £8,000 a year by 1989.<sup>21</sup>

In such approaches, the IEA presented itself as practical – 'we do not represent a batch of eggheads in the academic clouds' – and oriented towards the problems of British business. The IEA, potential donors were told, understood the mistrust business felt towards economists, 'many of whom are ignorant of and often hostile to commercial enterprise', and sought to correct the balance of economic debate by putting the case for 'individual effort, market pricing, competition and the profit motive'.<sup>22</sup> By the mid 1970s, the tone of these appeals had become more politicised: the IEA promised to engage with the successive economic failures of Labour and Conservative governments and claimed credit for Keith Joseph's outspoken 1974 speeches, as well as the economic journalism of Samuel Brittan, Peter Jay and Patrick Hutber. The IEA's task was to 'deploy many of the world's leading economists to analyse the error and unrealism of dominant economic theories and practice'. The most fundamental of these errors, Harris told one potential donor, 'has been to exaggerate the capacity of government action to solve every problem'.<sup>23</sup> This was a message disseminated not only in the IEA's publications, which were of course distributed to IEA donors,

but also, perhaps more powerfully, through sociability, at the convivial lunches, dinners and meetings that the IEA hosted and which mixed together corporate donors or prospects with sympathetic economists, academics, journalists and politicians.

A similar, and complementary, fundraising strategy was pursued by the CPS. Founded by Keith Joseph, the CPS consulted Harris and his colleagues about fundraising, and the two organisations cooperated to ensure a mutually beneficial relationship. Harris sent Joseph a list of potential donors and enlisted Joseph's help in raising funds for the IEA and for Harris's own pet project of establishing a private university (eventually realised in the shape of Buckingham University).<sup>24</sup> Joseph envisaged that about £100,000 would be needed to run the CPS and aimed to attract annual donations from between forty and sixty companies to raise this sum.<sup>25</sup>

The IEA's message – and that of neo-liberalism – evolved between the 1950s and 1980s. In the 1950s, as Harris and Seldon argued in their 1959 MPS paper, part of the IEA's brief was to oppose anti-competitive business practices as well as ill-advised state interventions. In this sense, they initially sought to educate those in business about free market principles. But by the 1970s and 1980s, it was the problems of government that occupied the IEA's attention and formed the core of their fundraising appeal. The IEA no longer criticised business, but sought to defend it from the clumsy attentions of politicians, civil servants and unions. The shift was subtle, but palpable, and surely reflected the complicated relationship between ideas and interests that had developed at the IEA's offices since the 1950s.

### *Intellectuals*

While the money and contacts available from business represented one crucial resource for the advancement of neo-liberalism, the second indispensable ingredient was the intellectual authority of leading neo-liberal scholars. These included the string of Nobel Prize-winning economists who were members of the MPS: Hayek, Milton Friedman, George Stigler, James Buchanan and (more peripherally) Ronald Coase. With the exception of Hayek and Coase, they were all from the United States, and Hayek and Coase were both based there from 1950–62 and from 1951 respectively. No British figures of comparable academic prestige allied themselves to neo-liberal ideas, with the partial exception of Lionel Robbins. However, Robbins was not a consistent ally of the neo-liberal crusade, adopting a sympathetic but sceptical pose towards its ideology.<sup>26</sup> Other British economists contributed to the work of the IEA

and the CPS – figures such as John Jewkes, Peter Bauer, Alan Peacock, Alan Walters, Graham Hutton and Arthur Shenfield – but although important as supporting characters, and in Walters's case as an economic advisor in government, these British economists would not have made the same impact without the ideas and eminence of their overseas allies.

The closeness of the connection between the IEA and the pre-eminent neo-liberal scholars is easily underestimated. The generation of American academics from which Friedman and Buchanan were drawn was still one that regarded British history, politics and economics as of central cultural significance. Indeed, Britain had a particular resonance for economists because their discipline had been fundamentally shaped both by the Scottish Enlightenment and by the Cambridge of the 1930s. They accordingly welcomed opportunities to visit, and publish in, Britain, and were well informed about British politics. Friedman even spent an early sabbatical year in Cambridge in 1953–4, during which he gave supervisions to an undergraduate called Samuel Brittan.<sup>27</sup>

The MPS was a crucial conduit for the import of neo-liberal ideas into British politics. In the 1960s and 1970s, Harris, Seldon and another IEA stalwart, Arthur Shenfield, were key players in the life of the MPS. They were regular attendees and assiduous networkers at its events: social network analysis by Dieter Plehwe has revealed them to be among the most frequent participants at MPS meetings. Harris served as the Society's secretary (1967–76) and president (1982–4); Shenfield was also president in 1972–4.<sup>28</sup> Seldon first met Friedman at the 1960 MPS meeting at Kassel, Harris sometime before that. Both grew close to Friedman during the 1960s and 1970s.<sup>29</sup> Indeed, Friedman later paid tribute to Fisher, Harris, Seldon and the IEA as 'pillars of strength, a near invincible legion, in the battle that so many of us have fought to limit the depredations of bureaucratic control and extend the area of human and economic freedom'.<sup>30</sup>

The IEA's relationship with Hayek and Buchanan is less easy to date precisely, but Hayek had been connected to the IEA from its inception (Shenfield was a particularly close collaborator), and Buchanan was a regular participant at the MPS during the 1960s. Buchanan spent time in London in 1965, frequently visiting and lunching at the IEA.<sup>31</sup> Buchanan's long-time collaborator, Gordon Tullock, also made regular visits to London in the 1970s, when he was usually entertained at the IEA, and drawn into fundraising lunches.<sup>32</sup>

What ideas did British neo-liberals draw from their intellectual mentors? Neo-liberals subscribed to the view that the continual expansion of social democratic institutions and policies in the Western democracies

was eroding both individual liberty and economic efficiency. This progressive widening of the domain of democratic collective choice, they argued, entailed greater powers for collective agencies, especially the state and unions, at the expense of the free exchange between individuals promoted by markets. They therefore sought to reduce the power of such collective agencies in order to grant individuals greater liberty and to improve economic performance. The decentralised and pluralistic allocation of resources by market transactions, neo-liberals maintained, was preferable to the uniformity and coercion inherent in the political allocation of resources through democratic votes. In short, neo-liberals diagnosed the fundamental problem as an excess of politics – by which they meant democratically authorised state coercion – over economics – by which they meant the use of the price mechanism to coordinate commercial activity in a non-coercive and maximally productive fashion.<sup>33</sup>

This general analysis generated three more specific strands of political argument that the IEA, the CPS and their allies promoted in Britain. First, they maintained that government economic policy should focus on reducing inflation rather than unemployment, and that the key to reducing inflation was to be found in the use of monetary rather than fiscal policy, specifically in the control of the money supply. On the neo-liberal analysis, the pursuit of full employment by successive governments was an example of the state trying to do too much, undermining market price signals and generating inflation. Indeed, on the grounds that government expansion of demand led to an increase in inflationary expectations, neo-liberals dismissed as quixotic the notion that it was possible to trade-off higher inflation for lower unemployment, as famously embodied in the Phillips Curve. On the contrary, they said, it was only by means of a socially disastrous acceleration of inflation that unemployment could be artificially driven below its ‘natural’ rate. This line of argument was often presented as a rejection of the broadly ‘Keynesian’ norms of the post-war era in favour of a ‘monetarist’ approach.<sup>34</sup>

Second, neo-liberals thought the welfare state offered a model of state monopoly provision that inhibited innovation, denied individuals any meaningful control over service provision, and exacted efficiency-sapping levels of taxation. Furthermore, these institutions had been designed to serve an egalitarian political morality that mandated envy of the rich and deprived individuals of responsibility for their own lives. Neo-liberals supported instead a residualised welfare safety-net to take care of the poor, alongside the introduction of user charges, private insurance, and vouchers to break-up monopolies such

as the NHS and the school system and make them more responsive to individual choice.<sup>35</sup>

Third, neo-liberals portrayed democratic collective agencies, notably political parties, the state and unions, as primarily self-interested, concealing their own sectarian agendas with rhetoric about the public interest. In the state, bureaucrats and politicians sought to expand their own power rather than serving the public, while, in the economy, producer interest groups privileged themselves at the expense of the consumer. Unions, in particular, were to blame for creating unemployment and pressuring governments to undertake an inflationary expansion of the money supply. On some accounts, this analysis mandated further constitutional constraints on the power wielded by legislative assemblies, as a means of reducing the reach of democratic collective action.<sup>36</sup>

### Shaping elite opinion

#### *Media*

Such were the principal resources available to British neo-liberal activists: money and contacts from business; and a powerful body of economic analysis sanctioned by leading economists from the United States. How did they plan to mobilise these resources? One answer, given by the IEA itself and often accepted at face value, is that they aimed to bombard university students, school teachers and university lecturers with publications, in a bid to shape the teaching of economics and politics to the next generation.<sup>37</sup> While this does indeed seem to have been the intention of its founders, the IEA was not in fact particularly successful in shifting educationalists to the right. As Brian Harrison has shown, support for the Conservative Party among university lecturers declined between 1964 and 1992, falling from a high of 35 per cent to a low of 14 per cent.<sup>38</sup> In practice, however, the IEA, the CPS and the ASI stumbled on a more effective alternative: directly influencing the views of the small metropolitan media and political elite that shaped policy debate in Britain. In other words, they narrowed their sights on a subset of the ‘second-hand dealers in ideas’ that Hayek had identified in the 1940s. The 1970s yielded considerable success for this strategy.

The circumstances of the 1970s were, of course, propitious for such efforts. The economic trajectory of the decade delegitimised existing policy norms, opening a profitable market for fresh ideas.<sup>39</sup> Neo-liberal ideology possessed a peculiar attraction for certain journalists and politicians because it offered a coherent and systematic account of the

various economic problems of the decade as symptoms of a larger crisis of Keynesian social democracy.<sup>40</sup> It also prescribed an agenda for public policy that was congruent with the interests of the Conservative Party and the British press. For the Conservatives, neo-liberalism legitimised a counter-inflationary strategy that did not require painful negotiations about incomes policy with the trade unions. It also provided authoritative warrant for public expenditure cuts and established that the state should not be held responsible for unemployment.<sup>41</sup>

While this relationship between neo-liberalism and Conservative politics is well known, the way in which neo-liberal ideas resonated with the interests of the British press requires further explanation. The mid 1970s, particularly the years 1973–4, was a period of industrial crisis for the British newspaper business: advertising revenues plummeted, the cost of newsprint doubled, and production costs remained high because of existing wage agreements with the unions. Newspaper executives and journalists felt besieged by the power of the print unions, a feeling compounded by the debates surrounding Labour's introduction of the closed shop to journalism in 1974–6. For some commentators, union control over the printing presses and entry to the journalistic profession threatened the very existence of free expression.<sup>42</sup> In these circumstances it is perhaps not surprising that proprietors, editors and journalists were receptive to neo-liberal analysis, particularly those columnists whose professional identity was similar to that of self-employed skilled workers and who accordingly felt disconnected from the collective workplace identities fostered by the labour movement.<sup>43</sup>

The neo-liberal message was skilfully disseminated to political and media audiences by the IEA (and others) in numerous publications but also through extensive public relations drives. The IEA organised high-profile and media-friendly visits to the UK by Friedman, Hayek and other leading figures, during which journalists, politicians and other opinion-formers were invited to meet the great man in more intimate – often social – settings. The assistant editor of *The Sun*, for example, wrote to express his thanks to the IEA for convening an invigorating evening at which he met Hayek.<sup>44</sup> 'Monday evening was marvellous; I enjoyed every minute', Margaret Thatcher reportedly wrote to Harris after a private dinner with Friedman, Harris and Seldon. In return, Friedman told Harris that he found Thatcher 'a very attractive and interesting lady', though he was uncertain 'whether she has the capacities that Britain so badly needs at this time'.<sup>45</sup>

A seminal occasion was Milton Friedman's delivery of the first Wincott Memorial Lecture in 1970 (sponsored by the IEA), which began the process of seriously marketing monetarist ideas in Britain.<sup>46</sup> On another

visit in 1974, Friedman packed in a press conference, a seminar at the IEA, and an appearance on the BBC2 programme *Controversy*, in which Friedman took on four sceptical British economists to defend the proposition that 'inflation is created by government and by no one else'.<sup>47</sup> Outside of such visits, Harris, Seldon and their colleagues built relationships with leading journalists and editors and used these relationships to garner sympathetic coverage. Sociability was once again a key weapon, with lunches, dinners and seminars freely deployed: journalists were included alongside academics, businessmen and politicians, while special events were held to woo specific news outlets.

As has been widely noted, however, a relatively novel form of economic journalism took a pre-eminent role in the 1970s. A new sort of policy-focused economic journalism had emerged in the post-war period, in place of the more traditional focus on commercial news and stock market tips. The professionalisation of economics had led to a growing distance between academic economists and the public sphere. While the former focused on specialised debates in professional journals, public debate on broader issues of political economy came to be conducted by a group of heavyweight broadsheet journalists who were able to mediate between academic and policy debates. While the earliest exponents of this style, such as Andrew Shonfield, broadly adhered to the social democratic policy norms of the post-war settlement, the late 1960s and 1970s saw a transition in this group towards a more neo-liberal outlook.<sup>48</sup>

Famously, at the leading edge of this transition were the economic commentators of two British newspapers which in the 1970s exercised an extraordinary grip on elite opinion: Peter Jay in *The Times* and Samuel Brittan in the *Financial Times*. Brittan had returned to the *Financial Times* as economics editor in 1966 after a chastening interlude as a civil servant in the Department of Economic Affairs; his columns began to manifest an increasing sympathy with the free market right from about 1969 onwards. Jay was also a former civil servant, with close family connections to the Labour Party, who joined *The Times* as economics editor in 1967. Although he was initially sceptical about monetarism, by 1974 Jay's economic commentary had adopted significant elements of neo-liberalism. Unusually, Brittan and Jay were well connected to the American economics profession and began to be interested in Friedman and his monetarist ideas without prompting from neo-liberal activists. Their conversion to a broadly neo-liberal economic analysis – although welcomed by the IEA – was not a result of the efforts of Harris, Seldon, *et al.*, but rather emerged from reading neo-liberal writings, particularly Friedman's famous 1967 Presidential Address to the American

Economics Association, through the prism of the failures of British Keynesianism in the late 1960s and early 1970s.<sup>49</sup> However, after their respective conversions from Keynesianism, they granted high-profile and positive coverage to IEA publications and regularly cited and recommended the analysis of Friedman, Hayek and other like-minded economists. Their use of such ideas was not restricted to the monetarist approach to inflation. A neo-liberal (indeed Hayekian) analysis of trade unions and of the dangers posed by the over-extension of government were also key features of their public advocacy (perhaps reflecting their experience as civil servants).<sup>50</sup>

Although the most celebrated examples, Brittan and Jay were only part of a broader penetration of the British press by neo-liberal ideas in the early 1970s. *The Times* threw its considerable authority behind monetarism with the conversion of the paper's editor, William Rees-Mogg, partially under the influence of Jay. Other *Times* journalists were also enthusiastic supporters: the paper's political columnist Ronald Butt, for example, and a young Tim Congdon, later a leading advocate of Thatcherite policy in the 1980s, who started out as an economic journalist on the paper between 1973 and 1976.<sup>51</sup> The *Financial Times*'s editorial line was also increasingly neo-liberal from the mid 1970s.<sup>52</sup> At the *Telegraph*, the editorship of Maurice Green (1964–74) was marked by a decisive shift towards neo-liberal analysis in the paper's leaders and coverage. Green had a background in economic journalism and was sympathetic to free market thinking. This sympathy was bolstered by like-minded journalists on the paper, notably two members of the MPS who occupied key editorial positions: Colin Welch, the deputy editor from 1964 to 1980, and John O'Sullivan (who was later a political advisor to Margaret Thatcher in government). Among other benefits, the link with Welch enabled Seldon to emerge as a frequent contributor to the *Telegraph*'s editorial pages.<sup>53</sup> The City editor of the *Sunday Telegraph* between 1966 and 1979, Patrick Hutber, was a close associate of the IEA and a regular fixture at their events. The *Telegraph* was therefore the paper with the closest links to the IEA and the one where the IEA's work made the greatest impact on its editorial line.

Harris and Seldon maintained a friendly dialogue with Alastair Burnet, editor of *The Economist*. *The Economist* was comparatively late to the neo-liberal party, retaining a broadly Keynesian line until Burnet's replacement by Andrew Knight in October 1974.<sup>54</sup> Nonetheless, there was common ground between Burnet and the IEA. In 1970, for example, Harris reported that Burnet was dissatisfied with left-wing staff members 'agitating for "staff participation"', complaining about the current editorial policy for example, on "standing up to the unions". Burnet,

Harris continued, was open to IEA suggestions about candidates for freelance work.<sup>55</sup>

The right-wing press broadly coalesced around neo-liberalism in the early 1970s. This meant that were, say, a leading Conservative politician to offer a full-throated endorsement of the neo-liberal agenda after the Conservatives left power in 1974, substantial support would be forthcoming from these newspapers. When Keith Joseph duly entered the fray with his iconoclastic series of speeches in 1974, he was rewarded with substantial support from this section of the press, particularly *The Times*, which used Joseph's speech at Preston as the platform for a searching debate about post-war economic policy.<sup>56</sup>

Broadcast journalism was another area in which the IEA was active, albeit in more defensive mode. The chairman of the BBC's Governors, Michael Swann, lunched at the IEA and corresponded with Harris and Seldon on what they saw as the BBC's left-wing bias and resistance to free market ideas. Harris complained to Swann about the 'partisan presentation' of A. H. Halsey as the Reith lecturer in 1978, and, more generally, Seldon argued that 'the BBC ... still reflects minority elitist fashion'.<sup>57</sup> The BBC's broadcasting of J. K. Galbraith's TV series, *Age of Uncertainty*, provoked condemnation from the IEA and senior Conservative politicians.<sup>58</sup> Although Milton Friedman's own TV series, *Free to Choose*, was itself broadcast on the BBC in 1980, a powerful rhetoric took shape about broadcasters out of step with the times: 'the producers, aged around 45 to 50, who decide programmes and choose the people who appear in them are largely the product of the post-war academic consensus dominated by Keynes and Beveridge and have yet to accommodate themselves to the change in economic opinion'.<sup>59</sup> The marketing of neo-liberalism to the media as superseding earlier, now outdated social democratic economic theories represented an important gambit in the shaping of elite opinion.

### Politics

As a charity, the IEA styled itself as unaligned to any political party. This claim was central to its identity and its mission: the loyalty of the IEA was to a set of ideas and it sought to ensure those ideas were taken up across the political spectrum. It characterised its mission as social scientific, bringing into public view insights drawn from the academic study of economics. This approach fostered some unlikely alliances. The Duke of Edinburgh was assiduously wooed by the IEA in 1977, after venting his frustration about the economic culture of Britain in a controversial interview.<sup>60</sup> Harris and Seldon wrote to express their

solidarity, enclosing IEA publications, which demonstrated 'the formidable academic support for your views'. The Duke attended dinners at the IEA in 1978 and 1981, at which about a dozen IEA stalwarts (academics, journalists and businessmen) were assembled to convey the IEA perspective (at the 1978 dinner Lionel Robbins, John Jewkes, John O'Sullivan and Patrick Hutber, among others, were mobilised alongside Harris, Seldon and Wood). In the briefing that Harris sent the attendees before the first of these dinners, Harris noted that 'Prince Philip broadly shares the IEA critique of "utopian" post-war policies'; thus, the purpose of the dinner was to give him 'a stronger impression both of the intellectual ancestry and validity of our ideas and of the growing impact the IEA is making'. Having perused some IEA literature, the Duke himself expressed relief at finding others who shared his outlook. Contact was maintained throughout the 1980s, and Harris was invited to private dinner parties at Buckingham Palace with the Duke in 1977 and on subsequent occasions.<sup>61</sup>

One of the more unlikely lunch guests at the IEA was the hard-left Labour MP Eric Heffer – 'both Ralph and I are working-class lads', Seldon pointed out in his follow-up letter – and he emphasised to Heffer the shared anxiety of both the socialist left and New Right 'about the over-powerful state and its resistance to decentralisation of power – public or private'.<sup>62</sup>

But the non-partisan positioning of the IEA was to some extent misleading, since the Institute clearly supported an agenda that was opposed to the basic assumptions of the Labour Party and the trade unions. While Peter Jay was seen as a possible harbinger of a form of Labour monetarism, a feeling to some extent confirmed by the economic policy of the Labour government 1974–9, neo-liberal activists were ultimately dismissive of the potential of the Labour Party to take up their agenda with any seriousness. Although Seldon personally still felt some affection for the Liberal Party, it was the Conservative Party that represented the neo-liberals' only realistic hope of significant influence. Contacts were accordingly developed with a number of Conservative MPs. A clue to the politicians who were most closely connected to the neo-liberal network is given by the membership list of the MPS. Only a few British politicians were invited to join the Society in the 1960s and 1970s: Enoch Powell, Geoffrey Howe, John Biffen and Rhodes Boyson (the first three all joined in the 1960s). Other politicians, for example Keith Joseph, David Howell and Jo Grimond, attended meetings as guests.<sup>63</sup> Although it is intriguing that Keith Joseph was not invited to join the MPS, the three most important politicians who were closely associated with the IEA were unquestionably Powell, Howe and Joseph.

Powell was a particular favourite of the neo-liberals: they admired his intelligence, principles and willingness to stand against conventional wisdom. Friedman wrote to the American Conservative luminary, William F. Buckley, to contest a critical column Buckley had written on Powell in the strongest possible terms:

I have met, talked with, and participated in meetings with Enoch Powell on a number of different occasions. He has a better and deeper understanding of economic principles, and a clearer conception of the relation between economic and personal freedom, than any other major political figure I have ever met. And even this is to put it too mildly. Broaden the field as widely as you want, and I have met few men who have as sophisticated an intelligence on these matters as Powell.<sup>64</sup>

The IEA had hoped that Powell might offer them a gateway to political influence. They worked closely with him in the 1960s, giving him a copy of Hayek's *Constitution of Liberty* in 1960 as he re-entered government 'before the Ministry of Health civil servants could get at him'. Later that year Harris and Seldon introduced him to Hayek over lunch at the Reform Club.<sup>65</sup> But however highly they esteemed him, by the 1970s Powell's idiosyncratic career path had placed him far from the heart of political influence. He was not destined to be the bearer of their ideas into government.

Howe was a different proposition: a politician on the rise, who shared with Seldon an interest in the critique of the welfare state. Howe worked closely with Seldon and the IEA in the 1960s and early 1970s on issues such as private medical insurance and industrial relations, and they remained in contact as Howe ascended the political ladder.<sup>66</sup>

As I have hinted, the position of Keith Joseph was ambiguous. Seldon and his colleagues invested a lot of energy in advising Joseph in the late 1960s and early 1970s and were less than delighted by the results. Seldon had voted Conservative for the first time in his life in 1970 and vowed never to do so again after the trajectory of the Heath government became apparent; Harris joined Powell in voting Labour in February 1974.<sup>67</sup>

When Joseph returned to the IEA on 14 March 1974, it was to a frosty reception. He had already been upbraided by his sometime speech-writer Alfred Sherman and the monetarist economist Alan Walters when he attempted to renew his acquaintance with them after leaving government.<sup>68</sup> Harris recorded the gist of the IEA meeting in a memo to Seldon and Wood. Joseph asked Harris for help in undertaking 'a new "crusade" for private enterprise':

I opened up by asking whether it would really be helpful to the Conservative Party or to the IEA, in view of all that had happened over the last three

years ... Most engagingly he responded by acknowledging 'guilt' for all that had gone wrong.

As a quid pro quo, Joseph undertook to help the IEA with its fundraising, while the IEA would provide a list of businesses that might help him establish the CPS; contacts with economists close to the IEA; and some reading material to guide his research.<sup>69</sup> Joseph subsequently sent an exuberant hand-written note to Harris from his summer holidays, indicating that he had been reading Hayek's *Constitution of Liberty*; works by Friedman; and a number of IEA pamphlets.<sup>70</sup>

The fruit of Joseph's change of direction was revealed in the important series of speeches he delivered from June 1974 to 1976, offering a critique of the post-war settlement that was heavily indebted to neo-liberal analysis (as well as to the drafting skills of Alfred Sherman). His September 1974 speech at Preston, 'Inflation Is Caused by Governments', offered a punchy exposition of the monetarist case. It had been written by Sherman with assistance from Alan Walters and Samuel Brittan. As we have seen, influential media figures were now highly receptive to this message, and played an important role in amplifying it: the speech was printed verbatim in *The Times*, with a sympathetic editorial.<sup>71</sup> But Joseph's message ranged wider than the control of the money supply. Taken as a whole, his speeches popularised the neo-liberal message that 'most of the failures in our economy are due not to failings of the market, but to government interference with the market'. As he argued:

For the past 30 years in our party competitive efforts to improve life, we have overburdened the economy. We have overestimated the power of government to do more and more for more and more people, to re-shape the economy and indeed human society, according to blueprints.<sup>72</sup>

The place of Margaret Thatcher in the think-tank archipelago is more difficult to discern. Although contacts were made between her and the IEA before 1974, she was not a close interlocutor in the style of Howe or Joseph. Leaving aside the almost certainly mythological anecdotes about her intellectual interests recounted after the fact, there is little archival evidence of the Thatcher of the 1970s as a neo-liberal ideologue.<sup>73</sup> But in the 1980s, as political space opened up before her, she embraced the identity of a crusader for free markets and offered valuable patronage to the IEA and the CPS, initially by giving Harris a peerage shortly after she became Prime Minister. Whether she herself read or was even influenced by specifically neo-liberal ideas is hard to judge. More important is the fact that key advisors and ministers – Joseph, Howe, Alan Walters and so on – were connected to the broader neo-liberal network, and that neo-liberal activists were so successful at projecting their ideas as

dynamic and innovative that eventually even a Prime Minister felt she could bolster her authority by associating herself with them.

This raises a further point about the reception of neo-liberalism in the Thatcher-era Conservative Party. Thatcherism as it evolved in government drew ideological sustenance from neo-liberalism, but was not co-extensive with it. Two differences in particular should be highlighted. First, as Robert Saunders suggests in Chapter 1, Margaret Thatcher and her associates acquired much greater confidence in free market economics as democratic statecraft than was ever espoused by neo-liberal theorists. Having developed their thinking during the years of social democratic state expansion, neo-liberals were pessimistic about whether free market ideas could win elections. Instead, they favoured constitutional limitations on the reach of democratic government in order to contain the inexorable pressure to increase the power of the state which they regarded as inherent in the democratic process. In this sense, Thatcherite Conservatives were far more comfortable with majoritarian democracy than their neo-liberal allies.

Second, neo-liberals regarded a comprehensive restructuring of the welfare state, particularly the NHS and the education system, as a key priority, perhaps even more important than tackling union power or altering macro-economic policy: private health insurance and vouchers were the two great reforms urged on their political allies. To their enduring disappointment, however, there was no fundamental shift in the size and role of the welfare state during the Thatcher government.<sup>74</sup> This was not because politicians lacked ideological sympathy: both Joseph and Howe, for example, were attracted to these proposals at various times.<sup>75</sup> In this respect, political judgement and the defence of middle-class interests trumped ideology.

## Conclusion

Funding from leading British companies; sympathetic coverage in the editorial pages of *The Times* and *The Telegraph*; lunch with the chairman of the BBC Governors; dinner with Prince Philip: none of this suggests a movement that was exactly marginalised by the British establishment. While it may have been useful to the IEA and British neo-liberal activists to present themselves as maverick outsiders, this claim is overstated. A more precise characterisation of their position would be that neo-liberals had only a marginal presence in British universities, were a small minority among intellectuals, and lacked significant support from the British economics profession.<sup>76</sup> Their heavy intellectual artillery therefore had to be imported from overseas, but there was significant

indigenous support for their endeavours from business, the media and, eventually, influential politicians. In this sense, neo-liberal activists were insufficiently faithful to their own creed in publicly emphasising the importance of intellectual conversion to their cause. In a politics dominated by private interests, it was skilful marketing that was crucial to securing a dominant position in the marketplace of ideas.

115 Speech to Scottish Conservative Conference, 12 May 1990, MTFW 108087.

## 2 THE THINK-TANK ARCHIPELAGO: THATCHERISM AND NEO-LIBERALISM

- 1 A. Seldon to K. Joseph, 19 August 1970, Institute of Economic Affairs papers, Hoover Institution Archives, Stanford University (hereafter IEA), 333/5.
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- 3 'Programme of Speakers for the MPS Conference, Oxford – September 1959', MPS papers, Hoover Institution Archives, Stanford University (hereafter MPS), 13/3; R. Harris and A. Seldon, 'The Tactics and Strategy of the Advance to a Free Economy', paper to 1959 MPS Conference, Oxford, MPS 13/9, pp. 7, 8; emphasis in original.
- 4 A. Gamble, *The Free Economy and the Strong State: The Politics of Thatcherism*, 2nd edn (Basingstoke: Palgrave, 1994), pp. 34–68; R. Desai, 'Second-Hand Dealers in Ideas: Think-Tanks and Thatcherite Hegemony', *New Left Review*, no. 203 (1994), 27–64; B. Harrison, 'Mrs Thatcher and the Intellectuals', *Twentieth Century British History*, 5 (1994), 206–45; R. Cockett, *Thinking the Unthinkable: Think Tanks and the Economic Counter-Revolution, 1931–1983* (London: HarperCollins, 1995); E. H. H. Green, *Thatcher* (London: Hodder Arnold, 2006).
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- 6 F. A. Hayek, 'The Intellectuals and Socialism', *University of Chicago Law Review*, 16 (1949), 417–33.
- 7 D. Plehwe, B. Walpen and G. Neunhöffer (eds.), *Neo-Liberal Hegemony: A Global Critique* (London: Routledge, 2005); P. Mirowski and D. Plehwe (eds.), *The Road from Mont Pèlerin: The Making of the Neo-Liberal Thought Collective* (Cambridge, MA: Harvard University Press, 2009); K. Phillips-Fein, *Invisible Hands: The Making of the Conservative Movement from the New Deal to Reagan* (New York: W. W. Norton, 2009); 'Learning From the Rise of the Free-Market Right', special issue of *Renewal: A Journal of Social Democracy*, 17/4 (2009).
- 8 For criticism of Cockett's account, see K. Tribe, 'Liberalism and Neo-Liberalism in Britain, 1930–80', in Mirowski and Plehwe, *Road*, pp. 93–4, 96–7.
- 9 M. Friedman, *Capitalism and Freedom* [1962] (Chicago University Press, 2002), p. 17.
- 10 See, inter alia, R. Backhouse, 'The Rise of Free Market Economics: Economists and the Role of the State Since 1970', *History of Political Economy*, 37 (2005), 378–81; Phillips-Fein, *Invisible Hands*; P. Mirowski and R. Van Horn, 'The Rise of the Chicago School of Economics and the Birth of Neo-Liberalism', in Mirowski and Plehwe, *Road*.

- 11 C. Muller, 'The Institute of Economic Affairs: Undermining the Post-War Consensus', *Contemporary British History*, 10 (1996), 93; R. Heffernan, "'Blue-Print for a Revolution?" The Politics of the Adam Smith Institute', *Contemporary British History*, 10 (1996), 76. Beyond the initial financial support given to the IEA by its founder, Antony Fisher, Cockett does not discuss the funding of the free market think-tanks in any detail in *Thinking the Unthinkable*.
- 12 P. Mirowski, 'Review of Harvey, *A Brief History of Neo-Liberalism*', *Economics and Philosophy*, 24 (2008), 117.
- 13 Harris and Seldon, 'Tactics and Strategy', p. 6.
- 14 A. Fisher, *Must History Repeat Itself?* (London: Churchill Press, 1974), p. 104. On the origins of the IEA, see Desai, 'Second-Hand Dealers', 45; Cockett, *Thinking*, pp. 122–33.
- 15 'Corporate Subscribers and Subscriptions', undated [c. 1968], IEA 87/6.
- 16 See e.g. *The Institute of Economic Affairs Progress Report 1970* (London: IEA, 1970), pp. 10–12, copy in IEA 87/3a.
- 17 R. Harris to M. Friedman, 13 May 1977, Milton Friedman papers, Hoover Institution Archives, Stanford University (hereafter MF), 154.
- 18 'Annual Report 1968: Year to 30 June 1968', IEA 64/3; 'Annual Report 1981: Year to 30 June 1981', IEA 65/7.
- 19 'Annual Report 1974: Year to 30 June 1974', IEA 64/9; 'Annual Report 1975: Year to 30 June 1975', IEA 65/1; 'Annual Report 1977: Year to 30 June 1977', IEA 65/3; 'Annual Report 1979: Year to 30 June 1979', IEA 65/5.
- 20 B. Harrison, *Finding a Role? The United Kingdom 1970–90* (Oxford University Press, 2010), p. 337.
- 21 N. Cayzer to R. Harris, 10 November 1972, IEA 72/11; record of donations to IEA from Cayzer Irvine Ltd, IEA 72/11.
- 22 G. Blundell to H. Smith, 3 March 1964, IEA 72/10; G. Blundell to H. Smith, 3 October 1968, IEA 72/10.
- 23 R. Harris to H. Smith, 11 October 1974, IEA 72/10; R. Harris to H. Smith, 11 October 1974, IEA 72/10; R. Harris to P. Fenwick-Smith, 4 October 1978, IEA 72/10 (first quote); R. Harris to A. E. Wieler, 16 February 1981, IEA 72/6 (second quote).
- 24 R. Harris, 'Memorandum to John Wood and Arthur Seldon', 14 March 1975, IEA 295/12; R. Harris to K. Joseph, 1 April 1974, IEA 295/12; R. Harris to K. Joseph, 30 May 1974, IEA 295/12. On the origins of the CPS, see Harrison, 'Mrs Thatcher and the Intellectuals', 211–20.
- 25 K. Joseph to E. Woodroffe, 18 April 1974, Keith Joseph papers, Conservative Party Archive, Bodleian Library, Oxford (hereafter KJ), 10/8.
- 26 See, for example, L. Robbins, 'Hayek on Liberty', *Economica*, 28 (1961), 66–81.
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- 28 D. Plehwe, 'Introduction', in Mirowski and Plehwe, *Road*, pp. 17–20.
- 29 A. Seldon to M. Friedman, 16 March 1961, MF 33/2; R. Harris to M. Friedman, 15 September 1960, MF 154.

- 30 M. Friedman to the editor of *The Times*, 1 October 1991, MF 154, p. 2.
- 31 J. Buchanan to G. Tullock, 13 June 1965, 26 June 1965, 12 July 1965, 8 July 1965 and 19 July 1965, all in Gordon Tullock papers, Hoover Institution Archives, Stanford University (hereafter GT), 109.
- 32 G. Tullock to A. Seldon, 21 July 1977; A. Seldon to G. Tullock, 26 August 1977; A. Seldon to G. Tullock, 4 August 1977, all in IEA 26/2. Tullock later recollected that he first came into contact with the IEA in the early 1960s: see his 'The Intellectual Situation in the United States in the Post-War Years and its Connection with the IEA', in *A Conversation with Harris and Seldon* (London: IEA, 2001), p. 89.
- 33 For helpful accounts of these ideas, see N. Bosanquet, *After The New Right* (London: Heinemann, 1983), pp. 1–88; Gamble, *Free Economy*, pp. 34–68.
- 34 E.g. A. Walters, *Money in Boom and Slump* (London: IEA, 1969); M. Friedman, *The Counter-Revolution in Monetary Policy* (London: IEA, 1970); J. Wood, *How Much Unemployment?* (London: IEA, 1972); S. Brittan, *Second Thoughts on Full Employment* (London: CPS, 1976); P. Jay, *Employment, Inflation and Politics* (London: IEA, 1976); M. Friedman, *Inflation and Unemployment* (London: IEA, 1976).
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- 37 R. Harris, 'Strategy and Tactics in Presenting the Case for the Free Market', paper to 1964 MPS Meeting, Semmering, F. A. Hayek papers, Hoover Institution Archives, Stanford University (hereafter Hayek), 84/15; Cockett, *Thinking*, pp. 130–1, 188–91.
- 38 Harrison, 'Mrs Thatcher and the Intellectuals', 223; see too Desai, 'Second-Hand Dealers', 61–2.
- 39 P. A. Hall, 'The Movement from Keynesianism to Monetarism: Institutional Analysis and British Economic Policy in the 1970s', in S. Steinmo, K. Thelen and F. Longstreth (eds.), *Structuring Politics* (Cambridge University Press, 1992), pp. 90–113; P. A. Hall, 'Policy Paradigms, Social Learning

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- 41 J. Bulpitt, 'The Discipline of the New Democracy: Mrs Thatcher's Domestic Statecraft', *Political Studies*, 34 (1986), 19–39. For further discussion of Bulpitt's work, and of Conservative Party political strategy in this period, see Jim Tomlinson, Chapter 3 in this volume.
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- 43 I am grateful to Robert Saunders for this point.
- 44 A. Shrimley to A. Seldon, 30 September 1977, IEA 329/1.
- 45 R. Harris to M. Friedman, 3 November 1978, MF 154, and M. Friedman to R. Harris, 4 December 1978, IEA 296/11. According to Harris, this dinner had been intended to bring Friedman and Keith Joseph together, but Joseph was forced to cancel and proposed Thatcher as his substitute: *Conversation with Harris and Seldon*, p. 56.
- 46 The lecture was published as Friedman, *Counter-Revolution in Monetary Policy*.
- 47 Transcript of *Controversy*, broadcast 23 September 1974, MF 55/13; R. Harris to M. Friedman, 24 September 1974, MF 85/7.
- 48 This paragraph draws on the analysis of W. Parsons, *The Power of the Financial Press: Journalism and the Formation of Economic Opinion in Britain and the USA* (London: Edward Elgar, 1996), pp. 98–106.
- 49 Kynaston, *Financial Times*, pp. 329–30, 368–9; Grigg, *History*, pp. 37–8, 222–4, 287–93; Brittan, *Second Thoughts*, pp. 11–13; Cockett, *Thinking*, pp. 184–8; Parsons, *Power*, pp. 107–9, 175–84; M. Friedman, 'The Role of Monetary Policy', *American Economic Review*, 58 (1968), 1–17.
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- 55 R. Harris, 'Aide Memoire: Dinner with Alastair Burnet on 12 October 1970', IEA 294/5. See also the correspondence with Burnet in IEA 295/10, spanning c. 1966–73.

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- 58 K. Joseph to W. Whitelaw, 10 September 1976; G. Howe to K. Joseph, 16 September 1976, KJ 18/9; Note of IEA/CPS Dinner, 19 October 1976, IEA 333/6.
- 59 A. Seldon, 'IEA on the Air', memo, 2 July 1980, IEA 333/6, p. 1.
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- 61 R. Harris and A. Seldon to Prince Philip, 3 February 1977, IEA 330/8; 'Minutes of the 63rd Meeting of IEA Managing Trustees', 27 July 1977, IEA 90/3, p. 1; R. Harris, 'IEA Dinner: 22nd February', 3 February 1978, IEA 330/8; Prince Philip to R. Harris, 3 March 1977, IEA 298/2; 'Dinner for the Duke of Edinburgh: Thursday, 26th November 1981', memo, IEA 298/2; R. Davies to Lord Harris, 24 November 1980, IEA 298/2.
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- 63 MPS Membership List, 1970, GT 58; 'Guests Attending MPS Cambridge Meeting', 1980, MPS 25/8; 'Guests Attending MPS St Andrews Meeting', 1976, MPS papers, Liberaal Archief, Ghent. I am grateful to Gilles Christoph for sending me a copy of the latter reference.
- 64 M. Friedman to W. Buckley, 2 December 1970, MF 22/13.
- 65 R. Harris to J. Jewkes, 30 September 1960, IEA 297/4.
- 66 See the correspondence between Howe and Seldon collected in IEA 332/3, spanning c. 1969–82.
- 67 A. Seldon to G. Watson, 14 February 1977, IEA 327/3; R. Harris to M. Friedman, 1 March 1974, IEA 85/7. For a flavour of Harris's unhappiness with the Heath government, see his 'Who are the Guilty Men?', *Spectator*, 23 February 1974.
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- 72 K. Joseph, *Reversing the Trend: Seven Speeches by Sir Keith Joseph* (London: Barry Allen, 1975), pp. 7, 70.
- 73 John Ranelagh's anecdote about Thatcher slamming a copy of *The Constitution of Liberty* on the table during a meeting in the late 1970s has been recounted ad nauseam, but it is certainly not representative of Thatcher's outlook in this period. In any case, the evidence on which this story is grounded (recollections some years after the event) does not look very secure. J. Ranelagh, *Thatcher's People* (London: Fontana, 1992), p. ix.
- 74 See A. Seldon to K. Joseph, 14 September 1981, IEA 333/6; A. Seldon, *The Riddle of the Voucher* (London: IEA, 1986); Harris and Seldon, *Conversation*, p. 57.
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### 3 THATCHER, MONETARISM AND THE POLITICS OF INFLATION

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