

"All beginnings are hopeful": Challenges Facing the 21st Century*

Margaret Thatcher**

All beginnings are hopeful. That's what the principal of Somerville College, Oxford, said to those of us who arrived there in 1944, even in the midst of world war. It is an idea that has always stuck in my mind, and that has always seemed to me to be true. When I came to office in 1979, years of socialist policies had placed our country and our people in terrible shape. The top tax rate on earned income was 83 percent, and on investment income it was 98 percent. There were controls on prices, controls on income, controls on investment, and controls on foreign exchange. To get permission to do anything one had to go through a set of bureau-cratic committees. Yet we were hopeful.

Right away I decided that we weren't going to go slowly in restoring the free and hardworking Britain I had known as a child. I determined that the only thing to do was to knock out these controls all at once, and return to being a free society. So in six weeks we got all the top rates of tax down to 40 percent. (And you know, when the Labor government finally got in again, it didn't put these rates back up. When you convert your opponents and make them electable, it's tough; but it's better than the alternative.) We also changed trade union law for the simple reason that the trade unions were almost running the country. So over a period of 18 months, we had to change the rules and make certain that before the unions went on strike, they would have to place the issue on a ballot and obtain a majority vote by their members. This was not required before. And we privatized. Practically every major industry had been placed under state control, and there was no stimulus to work because these industries didn't have to produce a dividend. We got something like 15 of them back into private ownership rather quickly, and completed the lot the next year.

But these economic moves were only a part of our work. A more difficult task is to get people to work once they have gotten used to controls. His-tory has taught us that freedom cannot long sur-vive unless it is based on moral foundations. You can get the economics right, but in addition liberty must be cultivated as a moral quality. The right to liberty is fundamental. But it is what a person or a people does with it that tells their caliber and their fiber, and that decides whether they will continue to be free, and whether their nation will be prosperous. I like very much what John Adams, your second president, wrote in 1798: "Our Constitu-

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The following is an abridged version of Lady Thatcher's speech delivered on February 19, 2001, in Fort Myers, Florida, at a Hillsdale College seminar.

tion was made only for a moral and religious people. It is wholly inadequate to the government of any other." That idea was right at the heart of your nation's founding. The virtues prized in free countries are honesty, self-discipline, a sense of responsibility to one's family, a sense of loyalty to one's employer and staff, and a pride in the quality of one's work. And these virtues only flourish in a climate of freedom.

Communism's Lingerin g Effects

Britain has now, despite its relatively small population, the fourth-largest economy in the world. This is a result of getting initiative and enterprise back, and of giving people an incentive to work. We must keep this in mind when we look at some of the problems that affect the world today. Look, for example, at the nations of the former Soviet Union. Russia, by far the biggest of these, has so many natural resources that it should be one of the richest countries in the world. It is communism and its lingering effects that have prevented Russia from becoming what it should, and from doing the best for its people. Of course Russia's political system has changed. But it is not easy for people who have acted for decades only under instruction or control to go about setting up small businesses. So what you tend to get during the transition from socialism to freedom is quite a lot of corruption. The International Monetary Fund was very generous and made considerable grants to Russia, but that money didn't get to some of the places for which it was intended. Indeed, quite a bit of it ended up in bank accounts outside Russia. This, I'm afraid, is what happens when you have a country in which integrity has very little meaning. You can't have true liberty without a rule of law. We haven't thought about this closely enough before. Any country coming to liberty must acquire a rule of law based on equity, fairness, and justice. It is something to which we must give the greatest attention. If you're going to have freedom, it must be under a rule of law that must apply to everyone.

The other great communist country, of course, is China. We in Britain had to deal with China because of the end of our leasehold on Hong Kong. The people of Hong Kong under British rule had an average income of about \$28,000 a year, compared with \$800 a year in China. These are the same people, with the same abilities and the same talents. The difference is that Hong Kong was a free society with a rule of law, and China was a total dictatorship. And I'm afraid China's leader; haven't yet learned the lesson. China, of all the countries in the world, is the most closed — muer more so than Russia. Its leaders are willing to allow more economic liberty in order to achieve some of the prosperity they have seen elsewhere but any suggestion of political freedom meets with total silence. I think one day that system will crack partly as a result of people making more and more money. As people obtain one kind of freedom other kinds of freedom will come too. Also it be comes increasingly difficult to keep the truth hid den from people, even in closed societies. It i; difficult anymore to hide the fact that the number of people who lost their lives under communism ir the last century — not in war, but simply because of the heavy handedness of government — ap proaches 100 million. Twenty million people los their lives in the Soviet Union, 65 million people lost their lives in China, two million people los their lives in North Korea, two million people los their lives in Cambodia, and so on. This fact stand: as an object lesson for the whole world, and trade only increases the tendeney for this and other fact: to become known. So we need to work as closely a: we can with China. But again, of all the countrie: with which we should want to deal, China is the most difficult. Freeing up its rigid dictatorial system will take quite a long time.

Reason For Optimism

One of my favorite freedom fighters agains communism, Vaclav Havel of the Czech Republic has said that in everyone there is some longing for humanity's rightful dignity and for moral integrity. And indeed, in spite of all the terrors o communism, it could not crush the religious beliefs and the hopes of those suffering under it. This is why many of us were always certain that communism would eventually fail. It produces neither dignity nor prosperity. It takes all power away from the people and places it in the hands of a self appointed élite. And because it distorts and manipulates the distinctive talents of individual rather than letting those talents flourish, it pre vents progress and prosperity.

I recall first hearing from Mr. Gorbachev tha he would like to come and see us. He was on hi way back to Russia from Canada on a Sunday any we were at Chequers, which is the lovely home o Britain's prime minister. So we collected him from the airport and brought him down to Chequers by

car. He had been the Soviet Minister of Agriculture, and had soaked up the propaganda about the superiority of Soviet crops. Of course when he came from the airport through our lovely agricultural countryside and saw the prosperity of our crops, he was amazed. He studied our countryside carefully. Then in our meetings that afternoon, he was the first Russian I had ever met who, when you asked him a question, didn't pull a paper from a sheath and read whatever was on it, regardless of its relevance. Although he was due to go away at 4:30, we talked until about 6. It was an easy conversaron, unlike any I had experienced with any communist before. So when Mr. Gorbachev left to fly home, I went straight to the telephone to ring up President Reagan, to tell him that there was something very unusual beginning to happen in the Soviet Union, that maybe it was beginning to crack.

Later, as you know, President Reagan went to see Mr. Gorbachev. And as an aside, it always fascinated me that people thought that Ronnie Reagan was not a detail man. If ever he was negotiating or going on a significant visit, he would have everything at his fingertips. He was the most thorough person in preparation that I ever knew. And of course those he met with were always most impressed. He knew all the answers, and would have a whole range of questions himself. President Reagan could dominate any meeting with two people. He's a very, very great man, and we're very fortunate that we had him when we did, because I think if it hadn't been for him, we would not have begun to get the cracking up of the Soviet Union.

Strength In Defense

Out of 150 states in the world, only 72 are free countries with democracy. So there's a long way to go yet. But as we get more and more communication and travel, and as more and more people come to see how we in the free countries run our affairs, one has to have great hope for the future. Yet there's a further thing I must say: We must always keep up our strength in defense. My generation remembers that we had such faith after World War I that there could never be another world war, we let our defenses down too far. They had to be restored very quickly when World War II began, and it was very difficult during the early stages. We must keep our defenses up and we must have equipment of the very latest technology. This is absolutely vital.

Partly here I have in mind the argument that's going on about missile defense. There's an old treaty we had with the Soviet Union that neither side would develop anti-ballistic missiles to knock the other side's missiles down. It was a treaty between the United States and the Soviet Union. You in the United States may, of course, choose to treat that treaty as if it is still in existence, but in fact the Soviet Union has ceased to exist. Therefore that treaty has ceased to be relevant, and we could legally build anti-ballistic missiles right away. I believe we should do that. It is a matter for the Russians to decide what they want to do, but I believe the first duty of any government is to protect the lives of its citizens under all circum-stances. And we do that by having the latest technology in the United States.

My friends, you're citizens of a wonderful country. You've built the greatest country in the world in terms of establishing the rule of law, defending the freedoms of others, and building a most prosperous future for your people. If those who do not have liberty would be guided by your example, what a much better world it would be. In the meantime, what I cali the English-speaking peoples, who have for so long defended liberty for the rest of the world, must continue to keep up that reputation, and to help those who still do not enjoy the liberty we take for granted.