

**Financing the Information Age: London TeleCity, the
Legacy of IT-82, and the Selling of British Telecom**

Jacob Ward

University of Oxford

ABSTRACT: This article is a history of the privatization of British Telecom. BT's privatization occupies a central position in histories of Thatcherism as a pivotal moment in Thatcherism's ideological focus on popular capitalism. These histories, however, overlook the important intersection of financial institutions and information technology policy in shaping BT's privatization. Financial institutions in the City of London formed a lobbying group, the City Telecommunications Committee, that pressured for BT's privatization and secured preferential treatment for the City from BT, ending a decades-long policy of uniform telecommunications services across Britain. Margaret Thatcher's government positioned BT's privatization as central to the success of two of Britain's information industries, electronics manufacturing and the City of London. Her government also cast BT's privatization as essential to an 'information revolution' that, through personal, networked computing, would further personal freedom and free markets. BT's privatization thus performed two important and related functions. First, it oriented Britain's telecommunications network to the City of London's needs, and second, it enacted an 'information revolution' that was essential to the success of the City of London and British electronics. I label this fusion of City finance, neoliberal politics, and British telecommunications the 'London ideology', and this ideology shaped the broadly-held assumption that privatizing telecommunications was essential to reaching the 'information age'.

KEYWORDS: Finance, Telecommunications, Thatcher, British Telecom, the City of London

AUTHOR BIO: Jacob Ward is a Postdoctoral Researcher in the History of Computing at the University of Oxford. The author thanks Jon Agar for his comments on earlier versions of this research and the Duncan Tanner Essay Prize Judges' Panel for their consideration and feedback. He would also like to thank the Science Museum and BT Archives for their support on this project. Correspondence to jacob.ward@maths.ox.ac.uk.

Introduction

In September 1992, Margaret Thatcher gave a speech, ‘The Principles of Thatcherism’, in Taiwan and Seoul. Thatcher called privatization one of Thatcherism’s defining features and ‘one of Britain’s most successful exports’, boasting that it had trebled Britain’s number of individual shareholders and ‘put a stop to the idea that inefficient management would always be subsidised by the taxpayers’.¹ This narrative accompanied the 1984 privatization of British Telecom (BT), which, at that point in time, was the world’s largest ever company sale. 2.25 million British citizens applied for shares, and adverts announced that ‘a public service goes public’, telling audiences that they could become ‘an owner of a company’.² This, however, was not the only motivation assigned to BT’s privatization. In July 1984, John Redwood, then Director of 10 Downing Street’s Policy Unit, wrote to Margaret Thatcher that targeting individual investors would coax British financial institutions in the City of London, the government’s main market for BT, to invest by creating the illusion that the government could sell substantial stakes in BT to other markets.³ Two years earlier, during IT-82, Margaret Thatcher’s national year dedicated to information technology, yet another motivation arose. Patrick Jenkin, then Secretary of State for Industry, proposed privatizing BT to stimulate

¹ Thatcher MSS (Digital Archive), 108301, Margaret Thatcher, ‘The Principles of Thatcherism’ (1 September 1992), <http://www.margaretthatcher.org/document/108301>; Thatcher MSS (Digital Collection), 108302, Margaret Thatcher, ‘The Principles of Thatcherism’ (3 September 1992), <http://www.margaretthatcher.org/document/108302>.

² British Telecom Archives, Holborn (henceforth BTA), TCE 49/2, ‘British Telecom: Offer for Sale of Ordinary Shares’ (1984); Karin Newman, *The Selling of British Telecom* (London, 1986), 215.

³ The National Archives: Public Record Office, Kew, (henceforth TNA: PRO), PREM 19/1345, John Redwood to Margaret Thatcher, ‘British Telecom Meeting’ (27 July 1984).

Britain's information technology economy, arguing that privatization would be 'the most lasting legacy of Information Technology Year'.⁴

These statements question the true purpose of BT's privatization. Was it, as Thatcher said, about creating a share-owning democracy, or, according to Redwood, selling BT to the City of London, or, as in Jenkin's view, about remaking Britain as an information economy? This paper argues that the City of London and information technology policy were crucial in BT's privatization, and that they cannot be understood as separate from one another. The financialization of British telecommunications and the Conservative government's focus on information technology met in BT's sale, which cemented privatization as an apparently necessary precondition for the supposed 'information revolution' and as essential to propelling the City of London to the centre of the world's financial markets.

BT's sale occupies a central position in histories of Thatcherism and neoliberalism. These histories emphasize its role in transforming privatization from a minor policy and a tool for increasing industrial efficiency into a major plank of Thatcherism and a method for raising individual share-ownership. Excluding subsidiary corporations, such as British Airways' International Aeradio, nine privatizations happened under Thatcher before BT, and the largest sale was the £627m tender for Britoil in November 1982, over six times smaller than BT's eventual share offer of almost £4 billion.⁵ Matthew Bishop and David Thompson argue that the unexpected popularity of BT's massively oversubscribed share issue transformed

⁴ TNA: PRO, PREM 19/875, Patrick Jenkin to Leon Brittan, 'Future Policy on Telecommunications', (12 March 1982).

⁵ David Parker, *The Official History of Privatisation: Volume 1, The Formative Years 1970-1987* (London; New York, 2009), 180–81.

privatization into a central feature of Conservative policy.⁶ Cento Veljanovski, who worked at the neoliberal think-tank the Institute for Economic Affairs from 1987 to 1991, sees BT's sale as pivotal in accelerating the privatization movement, which he presents as disciplining the nationalized industries, supporting broad private ownership, and generating an entrepreneurial society.⁷

BT's privatization has taken on special significance in historical analyses of an ideological shift in Thatcherism. Richard Stevens describes that, in 1981, the main objectives of privatization were relieving pressure on the public sector borrowing requirement (PSBR) by relocating publicly-owned industries to the private sector. BT needed to borrow to finance investment in the telecom network, and so the PSBR restrictions became a major motivation for privatization. Stevens argues that BT's unexpectedly successful sale transformed privatization from economic emphases on the PSBR, managerial inefficiency, and competition into an ideological emphasis on share-owning democracy.⁸ Kenneth Morgan agrees, arguing that BT's sale was driven by PSBR restrictions and then popularised the goal of a share-owning democracy.⁹ David Parker, in his official history of privatization, also reinforces the PSBR and efficiency narrative, and identifies the success of BT's sale as a transformative moment for popular capitalism.¹⁰ The common view across all these arguments is that BT's sale transformed wider share-ownership into a central policy for Thatcherism.

⁶ Matthew Bishop and David Thompson, 'Privatisation in the UK: Deregulatory reform and public enterprise performance', in V.V. Ramanadham (ed.), *Privatisation: A Global Perspective* (London; New York, 1993), 6–7.

⁷ Cento G. Veljanovski, *Selling the State: Privatisation in Britain* (London, 1987), 1–2, 8–9.

⁸ Richard Stevens, 'The evolution of privatisation as an electoral policy, c.1970–90', *Contemporary British History*, 18 (2004), 56–61.

⁹ Kenneth O. Morgan, 'Nationalisation and privatisation', *Contemporary Record*, 2 (1988), 34.

¹⁰ Parker, *The Official History of Privatisation: Volume 1*, 254–55, 291–94.

BT's sale has thus become significant for broader histories of neoliberalism. David Harvey's popular history of neoliberalism references BT in describing Thatcherism's pioneering experiments in privatization.¹¹ Monica Prasad names BT's privatization as one of three 'pillars' of Thatcherism, alongside the 1981 monetarist tax budget and council house sales. Prasad argues that privatization was Britain's flavour of free market neoliberalism and argues, like the scholars above, that BT's privatization was not initially ideological, but instead motivated by a need to raise capital. BT's sale radicalized Thatcherism, transforming it into a moral movement oriented around 'popular capitalism' and a 'property-owning democracy'.¹²

Recent literature, however, has dismantled narratives about Thatcherist popular capitalism. Neil Rollings and Ben Jackson have both showed that the business community played a greater role in advancing capitalist interests under Thatcher, while Frank Webster has argued that BT's liberalization and privatization empowered corporate capitalism by orienting BT to the business community's needs rather than the public's.¹³ Aled Davies and Amy Edwards have developed this scholarship further by showing that, beyond business, the specific interests of the financial community need more attention.¹⁴ Edwards shows that financial

¹¹ David Harvey, *A Brief History of Neoliberalism* (Oxford; New York, 2005), 60.

¹² Monica Prasad, *The Politics of Free Markets: The Rise of Neoliberal Economic Policies in Britain, France, Germany, and the United States* (Chicago, 2006), 99–103, 131–35.

¹³ Neil Rollings, 'Cracks in the post-war Keynesian settlement? The role of organised business in Britain in the rise of neoliberalism before Margaret Thatcher', *Twentieth Century British History*, 24 (December 2013), 637–59; Ben Jackson, 'The think-tank archipelago: Thatcherism and neo-liberalism', in Ben Jackson and Robert Saunders (eds), *Making Thatcher's Britain* (Cambridge, 2012), 43–61; Frank Webster, *Theories of the Information Society* (London; New York, 2014), 169–75.

¹⁴ Aled Davies, *The City of London and Social Democracy* (Oxford, 2017); Amy Edwards, "'Manufacturing Capitalists': The Wider Share Ownership Council and the problem of "Popular Capitalism", 1958–92', *Twentieth Century British History*, 27 (2016), 100–123; Amy Edwards, "'Financial Consumerism": Citizenship, consumerism and capital ownership in the 1980s', *Contemporary British History*, 31 (2017), 210–29.

institutions played a large role in getting the British public to engage with popular capitalism, a trend Edwards calls ‘financial consumerism’. Edwards, however, also notes that institutional reforms under Thatcher favoured City interests over individual consumers, and that large financial institutions offered products that curbed consumers’ interest in financial services. Edwards also highlights BT’s privatization as an important test-case for financial consumerism. BT’s sale attempted to create the financial consumer, with commentators heralding it as a revolution in the financial services industry, but individual shareholders rarely showed further interest in buying shares, and many quickly sold their stakes. As John Redwood’s memo shows, financial interests were the Thatcher government’s primary target for BT’s sale, complicating narratives about popular capitalism. Building on this recent scholarship that attends to the ways in which business and finance promoted capitalist agendas through Thatcherist policy, this paper’s first task is to show how and why financial institutions influenced BT’s sale, the apparently original act of popular capitalism under Thatcher. More, however, is needed to understand fully the role that BT’s privatization played in linking neoliberal ideology with information technology.

For right-wing politicians, information technology promised both to revive national economies and to transform the structure of the state. Fred Turner has shown how West Coast counterculture in the USA produced visions of information technology as networked, individualized, and emancipatory.¹⁵ This discourse was appropriated in the US by right-wing advocates for deregulation and the ‘New Economy’, as shown by the 1994 landmark essay ‘Cyberspace and the American Dream: A Magna Carta for the Knowledge Age’, written by the businesswoman Esther Dyson, the physicist George Keyworth, the futurist Alvin Toffler, and

¹⁵ Fred Turner, *From Counterculture to Cyberculture: Stewart Brand, the Whole Earth Network, and the Rise of Digital Utopianism* (Chicago, 2006).

the economist George Gilder.¹⁶ These authors described information technology as central to individual freedom and market power, and were influential, particularly on Newt Gingrich, the Republican Congressman and Speaker of the House of Representatives from 1995 to 1999, who emphasized information technology as central to the deregulated ‘New Economy’ of 1990s America, and featured on the front cover of the digital utopian magazine *WIRED*.¹⁷

Barbrook and Cameron have described this phenomenon as the ‘Californian Ideology’, a fusion of West Coast countercultural beliefs in information technologies’ emancipatory, libertarian potential with deregulatory information technology policies designed to revive the US economy.¹⁸ This fusion produced a vision of IT as enabling individual freedom, entrepreneurialism, and, through competition, deregulation, and the ‘electronic marketplace’, shrinking the state. These analyses, however, only concern the USA in the 1990s, and do not explain the Thatcherist emphasis on information technology in BT’s sale in 1980s Britain.

Thatcher’s government, however, was by no means the first to emphasize this area of British industry. As Jon Agar has shown, the British ‘government machine’ had long been concerned with information technologies, from office machinery to computerization, as ways of discreetly centralizing the bureaucratic state.¹⁹ Recently, Marie Hicks has explored British government’s post-war focus on computing and automation, arguing that efforts to centralize and control computing, such as through the creation of British computing giant ICL, resulted

¹⁶ Esther Dyson, George Gilder, George Keyworth, and Alvin Toffler, ‘Cyberspace and the American Dream: A Magna Carta for the Knowledge Age (August 22, 1994, Future Insight Release 1.2, Progress & Freedom Foundation)’, *Information Society*, 12 (1996), 295–308.

¹⁷ Turner, *From Counterculture to Cyberculture*, 232.

¹⁸ Richard Barbrook and Andy Cameron, ‘The Californian ideology’, *Science as Culture*, 6 (1996), 44–72.

¹⁹ Jon Agar, *The Government Machine: A Revolutionary History of the Computer* (Cambridge, Massachusetts, 2003).

from--and failed because of--gendered, classist labour hierarchies.²⁰ Agar has further argued that the move away from these centralized projects shaped Thatcher's 'hollowed out' state.²¹ The rise of networked, personal computing, combined with growing demands for transparent government and Thatcherist commitments to small government, favoured the rise of a contractor culture and public-private partnerships in information technology. While these histories show the stark contrast between the earlier, centralized state approaches to information technology and those under Thatcher, they do not explain how and why information technology was important for privatization. This paper's second task is thus to investigate the role that BT's privatization played in British information technology policy and rhetoric.

This article tackles these tasks in two parts. In the first section, I explore the role of financial interests in the privatization of BT. I show lobbying for liberalization and privatization by the City of London through its Telecommunications Committee, the influence of financial interests on the design of BT's sale, and BT's resulting focus on the City of London. In the second section, I examine the relationship between BT's sale and Conservative information technology policy. Strengthening national 'information' industries was a key issue, but information technology also fulfilled a Conservative ideological commitment to individual freedom and a small state. I then highlight the broader influence of BT's sale on perceptions of the relationship between privatization and information technology, and show how BT's sale fused the 'information age' to the City of London.

From the City of London to 'London TeleCity'

²⁰ Marie Hicks, *Programmed Inequality: How Britain Discarded Women Technologists and Lost Its Edge in Computing* (Cambridge, Massachusetts, 2017).

²¹ Agar, *The Government Machine*, 367–90.

In 1968, the Bank of England organized the City Telecommunications Subcommittee (CTC), a sub-committee of the Committee for Invisible Exports (CIE), which the Bank of England and the British National Export Council had created in 1966 to promote the City's 'invisible exports', like financial services. The sub-committee was chaired by Cyril Kleinwort, chairman of the Kleinwort Benson investment bank, which later became involved in privatization, managing the re-privatization of British Aerospace and flotation of Cable & Wireless in 1981, advising on the privatization of Associated British Ports in 1983, and managing BT's sale in 1984. Other members included W.M. Clarke and P.G. Vermeulen, Director and Secretary of the CIE respectively, R. van Koetsveld, of the shipbrokers H. Clarkson & Son, and R.E. Liddiard, Chairman of the British Federation of Commodity Associations. In 1969, Clarke took over as Chair and B.D. Townsend replaced Kleinwort as Kleinwort Benson's representative on the CTC.²²

The CTC initially acted as the City's technical liaison to the Post Office, which at that point owned and operated Britain's telecommunications network. The CTC would report technical issues and request updates on the rollout of services such as telex and data transmission. This relationship's co-operative dynamic shows in the minutes of joint CTC-Post Office meetings from the CTC's early years. Subjects discussed at these meetings include a brochure on overseas services that the Post Office's External Telecommunication Executive

²² Bank of England Archives, the City of London (henceforth BOE), 6A403/1, Cyril H. Kleinwort to John Stonehouse, 'Lunch at Sandy Glen' (18 September 1968); BOE, 6A403/1, 'Committee on Invisible Exports: Telecommunications Sub-Committee' (16 June 1969).

had created for City businesses and offers from the CTC to track down fault locations and help manage the City's heavy use of telex.²³

Even from this early stage, however, the CTC sought special treatment for the City from the Post Office. In the autumn of 1968, the CTC held a luncheon with the Postmaster General, John Stonehouse, and his staff, and requested a priority scheme for international telex service in the City of London. In December, the CTC received a reply from William Ryland, the Post Office's Managing Director for Telecommunications, rejecting the CTC's proposal and explaining that, 'The real difficulty is that it would not be realistic to expect that knowledge of a preferential service could be confined for any length of time to a very small number of customers. Once its existence became generally known, the service would, of course, be swamped and cease to have any value'.²⁴ Here, Ryland rejected the idea based on 'uniformity', the principle that the Post Office could not offer one level of service to the City and a different level to everybody else. This would change after BT's creation and with further pressure from the City.

The CTC changed in 1974 when it became a full committee, with more representatives from City users. The first call for change had come in a 1973 report, 'Present Shortcomings of International Telecommunications', by Walter Salomon, Chairman of the merchant bank Rea Brothers.²⁵ Salomon complained that the City, 'who most depend on high speed reliable communication across the international commercial and financial spectrum, are in danger of no longer being able to rely on this vital life line'. He named poor operator service, delayed calls, outdated equipment, and too few international call routes as the City's four major

²³ BOE, 6A403/1, 'Committee on Invisible Exports: Telecommunications Sub-Committee' (16 June 1969); BOE, 6A403/1, 'Committee on Invisible Exports: Telecommunications Sub-Committee' (17 February 1970).

²⁴ BOE, 6A403/1, 'Memorandum: G.P.O. Telex' (23 December 1968).

²⁵ BOE, 6A403/1, 'Present Shortcomings in International Telecommunications' (26 June 1973).

grievances and, as a solution, argued for the privatization of the Post Office. He called for the Post Office to 'be freed from State fetters, and allowed to develop through the media of private financial enterprise and international tender'. Salomon's report was more than a policy recommendation--it was a call to arms, as he asked for the Confederation of British Industry (CBI), the British Bankers' Association, and the Accepting Houses Committee, a group of the City's leading acceptance houses and major merchant banks, to follow the CIE in bringing pressure to bear in political circles for the privatization of British telecommunications.

In response to Salomon's report, an ad-hoc group, the City Telecommunications Group, formed from various organizations with City interests. Representing the group's London-centric interest, the Chairman was Geoffrey Finsberg, Conservative MP for Hampstead and, from 1974 to 1979, Opposition spokesperson for Greater London.²⁶ Alongside the CTC's original members and the organizations named in Salomon's report, representatives from the London Chamber of Commerce, the British Insurance Association, the Stock Exchange, and Lloyds of London also attended. Discussion centred on whether to pursue a co-operative approach with the Post Office, or to aggressively contact the press, publicise City dissatisfaction, and lobby government. Clarke, the CIE and CTC's Chair, had already obtained permission from Gordon Richardson, the new Governor of the Bank of England, to raise the issue with Anthony Barber, the Chancellor of the Exchequer, but a new report by the CBI, which took a similar line to Walter Salomon's report, divided members.²⁷ Some were uncomfortable having their organizations' names associated with such a report while they still had to maintain good relations with the Post Office. The group thus agreed, to Salomon's

²⁶ BOE, 6A403/1, 'City Telecommunications Group Meeting: International Telecommunications' (8 October 1973); BOE, 6A403/1, 'City Telecommunications Group Meeting' (19 December 1973).

²⁷ BOE, 6A403/1, 'Post Office Telecommunications' (3 December 1973); BOE, 6A403/1, 'City Telecommunications Group Meeting' (19 December 1973).

discontent, that the CBI's report would be toned down and that they would meet with the Post Office to establish a new direction.

The group met with Edward Fennessy, Ryland's successor as the Post Office's Managing Director for Telecommunications, in January 1974.²⁸ The group discussed the CBI's toned-down report, and Fennessy's responses show how the telecommunications business began to change its attitude to uniformity and the City. Fennessy explained that the long lead time for increasing telephone capacity, and the anti-inflationary price restraints that the government imposed from 1972, meant that the Post Office found it difficult to address the City's complaints right away. He also noted, however, that the Post Office was investigating the potential to create a special 24-hour fault maintenance service for London's business houses. He concluded the meeting by saying that he 'was particularly concerned to know the views of the City on development likely to be required over the next 10 years'. The City Telecommunications Group and their calls for privatization had resulted in a small, but significant, shift from the Post Office's uniformity policy.

The Post Office didn't have to wait long to hear the City's views, as at a March 1974 meeting, tellingly named 'London as a World Financial Centre', Clarke, the CIE and CTC's Director, and C.N. Read, Director of the Inter-Bank Research Organisation (IBRO), a think-tank set up by City banks in 1968, met with representatives from the Post Office's London telephone region.²⁹ Clarke and Read informed the Post Office that the CIE had, as a result of the City Telecommunication Group's concerns and its desire to maintain London as an international financial centre, upgraded the City Telecommunications Subcommittee into a full committee, and invited the Post Office to participate. Clarke announced that the CTC's new remit was to deal with 'the increasing inadequacies of international and domestic services', and

²⁸ BOE, 6A403/1, 'City Telecommunications Group Meeting with the Post Office' (31 January 1974).

²⁹ BOE, 6A403/1, 'Meeting Minutes: London as a World Financial Centre' (4 April 1974).

that it would be composed of two joint City-Post Office working groups, one dedicated to the City's future telecommunication needs and one dedicated to current problems.³⁰ This focus on technology's importance to London's status as a world financial centre may have been influenced by trends abroad. The New York Stock Exchange had led the way in computerization since the mid-1960s, and, while Clarke did not mention it explicitly, the London Stock Exchange had sent a delegation to New York in 1970 to look at how the competition was using technology.³¹ Accordingly, the London Stock Exchange joined the expanded CTC, alongside the British Insurance Association, the Chamber of Shipping, and Lloyd's. From across the City, financial institutions had come together to align British telecommunications with their interests.

Despite the Post Office's representatives, the new CTC became more aggressive in lobbying the Post Office. In 1977, Francis Sandilands, CIE Chairman and CTC member, wrote directly to William Barlow, Chairman of the Post Office, complaining about the Post Office's withdrawal of five-year fixed-price line rental contracts, to which Barlow replied that he appreciated the importance of telecommunications to the City, but that the Price Commission had tied the Post Office's hands, ruling that the contracts contravened Price Code.³² Barlow's reply thus accepted that the City might need special treatment and so suggested the Post Office's amenability to City interests. This may stem from Barlow's background with the telecommunications business, as he had been appointed Post Office Chairman in 1977 under

³⁰ BOE, 6A403/2, W.M. Clarke, 'City Telecommunications Committee' (1974).

³¹ Devin Kennedy, 'The machine in the market: Computers and the infrastructure of price at the New York Stock Exchange, 1965–1975', *Social Studies of Science*, 47 (2017), 888–917; R.C. Michie, 'Friend or foe? Information technology and the London Stock Exchange since 1700', *Journal of Historical Geography*, 23 (1997), 319.

³² BOE, 6A403/2, Francis Sandilands to William Barlow, 'Post Office Telecommunications' (9 December 1977); BOE, 6A403/2, William Barlow to Francis Sandilands, 'Arrangements for Contracts Relating to Wide Band Circuits' (9 January 1978).

the impression that telecoms would split from the Post Office, and that he would lead the new telecommunications corporation with greater freedom from government. In 1978 the Labour government, however, delayed this split in favour of an experiment in industrial democracy, which added seven trade union members and five external members from industry to the Post Office's seven-strong board. The experiment did not go well, with the board members finding that their numbers and different interests had meant that they were often at cross-purposes.³³ Barlow had resented industrial democracy, and called for privatization in 1979 when Keith Joseph, Secretary of State for Industry for Margaret Thatcher's newly-elected Conservative government, ended industrial democracy and announced that the government would create British Telecom and explore options for ending its monopoly.³⁴ Barlow thus matched the City in recognising its claim to special treatment and joining its calls for privatization.

After Joseph's announcement, the CTC lobbied further for marketization and privatization. A 1979 CTC paper by the Foreign Exchange and Currency Deposit Brokers' Association shows the range of issues that the City campaigned on.³⁵ These included the liberalization of customer premises equipment, so that businesses could buy terminals such as telephones and telex machines from third-party suppliers, a new regulatory authority to oversee the Post Office and its successor, BT, and the complete liberalization of the telephone network, allowing competing networks to be set up. A further point of interest is the paper's position on uniformity, arguing that the 'Post Office interprets this, when it suits them, as meaning that they may only offer equipment in the City of London that they will also offer to a crofter in the

³³ BTA, TCC 15/24, 'Post Office Board Meeting' (4 September 1979).

³⁴ Duncan Campbell-Smith, *Masters of the Post: The Authorized History of the Royal Mail* (London, 2012), 550–51.

³⁵ BOE, 6A403/3, 'Communications Services in the United Kingdom for Business Users' (August 1979).

Outer Isles'. Yet again, the City saw liberalization and privatization as a way of securing favourable telecommunications services for financial institutions.

Joseph's announcement also spurred the formation of new City-influenced lobbying groups. Barclays, alongside Citibank, Sainsbury's, Smedley-HP Foods, and Blackwell's, founded the Association of Telecommunications Users in 1979, which lobbied for privatization and liberalization.³⁶ Barclays is noteworthy as it was one of the companies, alongside BP and Cable & Wireless, behind the creation of Mercury, the new telecom operator that competed with BT in a duopoly until 1990. In 1980, the British Bankers Association also produced a report, 'Telecommunications in the City', which again attacked the uniformity principle and asked BT, now that it had been set up as an operational unit in advance of its formal creation by the 1981 British Telecommunications Act, to urgently review this principle.³⁷

City lobbying thus came along two lines. First, that the government should end BT's monopoly and privatize it, and second, that BT should end its uniformity principle. The City's success is evident in two City banks' roles in designing BT's privatization, and in BT's new focus on the City. Two City institutions, Barclays Merchant Bank and Kleinwort Benson, played significant roles in shaping BT's privatization as an apparent act of popular capitalism, and in orchestrating the sale of nearly half BT's floated stock to City financial institutions. David Parker has noted that, for BT's sale, individual share-ownership had its origins in the need to find alternative sources of capital for BT's flotation, and this can be traced within government to John Redwood's July 1984 note to Thatcher.³⁸ This note, however, was not the first proposal to target individual share-holders in BT's sale. Five months earlier, a February 1984 report for the Cabinet by Barclays Merchant Bank proposed targeting individual investors

³⁶ BOE, 6A403/3, 'Association of Telecommunications Users: Inaugural Meeting' (17 October 1979).

³⁷ BOE, 6A403/3, 'Telecommunications in the City' (September 1980).

³⁸ TNA: PRO, PREM 19/1345, John Redwood to Margaret Thatcher, 'British Telecom Meeting' (27 July 1984).

to raise capital, and suggested that a beneficial side-effect of this strategy would be the development of a 'share-owning democracy' in Britain.³⁹ The report also noted that the City's traditionalism had created an aversion to individual share-ownership, and so targeting individual share-owners would create a new market to compete with the City for BT shares. Redwood reinforced this point, arguing that the key to getting City institutions to invest was creating the illusion that the government could sell substantial stakes in BT to other investors and so, as selling to overseas financial institutions was out of the question, individual investors became key.⁴⁰

The government appointed Kleinwort Benson to manage BT's privatization. Kleinwort Benson were experienced from the sales of British Aerospace, Cable & Wireless, and Associated British Ports and, as noted above, its Chairman, Cyril Kleinwort, was also the founding Chair of the CTC. On 16 November 1984, the government offered 51% of BT's stock, divided into 3,012 million shares priced at 130p per share. Kleinwort Benson handled the flotation, and on the morning of 16 November, Geoffrey Pattie, the Minister for Information Technology, announced in the House of Commons that Kleinwort Benson was holding promising discussions with City institutions for the purchase of around half of BT's offered shares.⁴¹ In the end, Kleinwort Benson sold 47% of BT's shares to the City, 39% to individual investors, and 14% overseas.⁴² Having lobbied for BT's privatization and shaped the sale strategy to entice more financial institutions, the City had successfully arranged for the transfer

³⁹ TNA: PRO, PREM 19/1345, Barclays Merchant Bank Ltd., 'Proposals for the Issue of Shares by British Telecom: A New Strategy for Widening Share Ownership in the United Kingdom' (2 February 1984).

⁴⁰ TNA: PRO, PREM 19/1345, John Redwood to Margaret Thatcher, 'British Telecom Meeting' (27 July 1984).

⁴¹ Parliamentary Debates (Commons), 67, 16 November 1984, 915-22.

⁴² TNA: PRO, PREM 19/1599, 'British Telecom Share Offer' (1984).

of most of BT's offered shares not from state ownership to public ownership--not 'a public service goes public'--but to City of London financial institutions.

BT also ended its uniformity principle, further showing the City's success. This started in October 1980, shortly after BT came into being, when Alex Reid, BT's Director of Business Systems (a new position in the telecommunications business), responded to calls from groups like the CTC and the British Bankers' Association with 'London TeleCity'.⁴³ London TeleCity meant that the City would be first to receive new services and infrastructure from BT, which Reid claimed would benefit the City, BT, and 'the National Economy'. The City was thus the first to receive X-Stream and ISDN, two digital data services that BT introduced in the 1980s and, in October 1983, was one of the first areas in the UK to get high-speed fibre-optic communication cables.⁴⁴ BT's press release proudly announced that London was one of the world's first cities to get fibre-optic and highlighted the business services that the City of London would now be able to use. BT also emphasized that these fibre-optic links would connect the City to London Docklands, where BT was building 'London TelePort', a further piece of dedicated City infrastructure.

London TelePort was a new satellite earth station installed in London specifically to provide the City financial district with better international communication links. The Post Office had built its previous satellite earth stations, Goonhilly and Madley, in remote areas in Cornwall and Herefordshire to avoid communications interference, but as satellite communications advanced, and as BT replaced the Post Office and launched London TeleCity, it became possible to build a new satellite earth station in the Docklands, dedicated to the City. London TelePort opened on 1 February 1984 and used the City's new fibre-optic network to

⁴³ BOE, 6A403/3, 'Telecommunications in the City of London: A Note on the Telecity Studies' (23 October 1980).

⁴⁴ BTA, HIC W04/03 Network/Cable/Fibre-Optic, 'Lightlines for the Heart of London' (24 October 1983).

bring ‘high-speed telecommunications to the fingertips of the City’.⁴⁵ BT also leant into the science fiction ring of London TelePort’s name, announcing that it was ‘bringing space-age communications to the heart of London’.⁴⁶ Through London TeleCity’s rollout from 1980, the year of BT’s creation, to 1984, the year that the City became BT’s second-largest owner behind the government, the City received digital data services, fibre-optic cables, and a dedicated satellite earth station before any other customer group. As Alex Reid, BT’s Director of Business Systems, acknowledged, the pressure from the City meant that BT had ended its uniformity principle and replaced it with a system where BT prioritized the City above all others.⁴⁷

This history casts a new light on BT’s privatization, showing City organizations pressuring the end of uniformity, lobbying for BT’s privatization, and co-opting the ‘share-owning democracy’ ideology to increase BT’s appeal to financial investors. These findings, however, should be placed in context. Barclays Merchant Bank did not coin wider share-ownership *de novo* in 1984 to increase BT’s appeal, and wider share-ownership had been an ideological commitment inside and outside the Conservative party since the late 1950s, although it was only in the mid-1970s, with Thatcher’s arrival as party leader, that some Conservative politicians, such as Keith Joseph, began to see wider share-ownership as a method for promoting individual freedom.⁴⁸ Furthermore, another important motivation for BT’s sale had been to remove it from the Public Sector Borrowing Requirement, so freeing BT to borrow additional capital to invest in the network. As noted several times above, government spending

⁴⁵ BTA, TCD 265/BTIPR 263, ‘The London Teleport’ (October 1984).

⁴⁶ BTA, TCD 265/BTIPR 263, ‘The London Teleport’ (October 1984).

⁴⁷ BOE, 6A403/3, ‘Telecommunications in the City of London: A Note on the Telecity Studies’ (23 October 1980).

⁴⁸ Edwards, “‘Manufacturing Capitalists’”; Conservative Party Archive, Oxford, CRD 4/4/176, ‘Wider Share Ownership Policy Group’ (April 1968).

restrictions had constrained BT throughout the 1970s, and by 1982, George Jefferson, BT's Chairman, was pressuring Patrick Jenkin to privatize so that BT could escape the PSBR.⁴⁹ Finally, it is likely that, in any event, financial institutions would have necessarily been a large part of any sale, as BT's £4 billion privatization was too large for individual share-holders alone. The City of London, however, was an important player in these events and its role in BT's privatization has not been fully appreciated. Furthermore, as I shall show in the next section, BT's sale played a further important role in linking privatization, the City of London, and the 'information revolution'.

Privatizing the Information Revolution

BT's privatization tied cultural understandings of information technology to a contradictory Thatcherist politics of, on the one hand, protectionist industrial intervention and, on the other, individualism, free markets, and the small state. Information technology occupied a special position within Thatcher's industrial policy. In 1981, she created a Minister for Information Technology, the first of which was Kenneth Baker, nicknamed 'Mr Chips' in the press after the government's focus on microchip manufacturing.⁵⁰ She also announced 1982 as IT-82, a National Information Technology Year, which Ronald Kline has called a globally significant moment, legitimizing 'information age' narratives.⁵¹ As I noted in my introduction, Patrick Jenkin, Thatcher's Secretary of State for Industry, proposed BT's privatization as the 'most lasting legacy' of IT-82. Why did the Thatcher government emphasize information technology, and why was BT's privatization central to this emphasis?

⁴⁹ BTA, TCD 69/2/45, George Jefferson to Patrick Jenkin, 'Privatisation' (19 April 1982).

⁵⁰ Tom Lean, *Electronic Dreams: How 1980s Britain Learned to Love the Computer* (London, 2016), 92.

⁵¹ Ronald R. Kline, *The Cybernetics Moment* (Baltimore, 2015), 203.

The broad strokes of an answer appear in July 1980, when Keith Joseph announced that the government would liberalize telecommunications in Britain, ending BT's monopoly. Publicly, Joseph emphasized the free market power of information technology, but privately, Joseph argued to Thatcher for a gradual liberalization to solidify Britain's IT manufacturing capacity.⁵² These two positions--strengthening national industries and facilitating free markets--shaped Thatcherist policy on information technology and BT's privatization.

Joseph argued for gradual liberalization of telecommunications equipment procurement and manufacturing because opening manufacturing markets too fast risked a flood of imports. Instead, Joseph proposed a three-year phased introduction to competition to allow British manufacturers time to prepare. These manufacturers were also worried about their prospects, but, in contrast to Joseph, argued for faster liberalization and privatization to open up new markets. D.H. Pitcher, the Managing Director of Plessey, the electronics firm, lobbied Number 10 to broaden liberalization to include BT's monopoly over equipment maintenance, arguing that otherwise BT could favour its own equipment over maintaining its competitors' equipment.⁵³ Arnold Weinstock, the Managing Director of GEC, another electronics supplier for BT, pressed Joseph to privatize BT so that it could escape the PSBR and access private finance, and so further fund the procurement of System X, BT's new flagship electronic telephone exchange, jointly developed with GEC, Plessey, and STC, the American-owned electronics manufacturer.⁵⁴

⁵² Parliamentary Debate (Commons), 989, 21 July 1980, 29-40; TNA: PRO, PREM 19/333, Keith Joseph to Margaret Thatcher, 'Telecommunications Monopoly' (1 July 1980).

⁵³ TNA: PRO, PREM 19/562, D.H. Pitcher to John Hoskyns, 'Post Office Monopoly' (19 November 1980).

⁵⁴ TNA: PRO, PREM 19/875, Arnold Weinstock to Keith Joseph, 'Post Office Switching Systems and Liberalisation' (16 March 1981).

Joseph's concerns about international competition and the desire to grow the domestic IT manufacturing base worked against Weinstock. In May 1982, BT notified GEC, Plessey, and STC that, with the government, it had decided to narrow down System X procurement to just one supplier, which would guarantee that supplier a revenue stream to grow its manufacturing base, resist international competition, and market System X abroad.⁵⁵ By September 1982, the government had agreed with BT and the manufacturers that STC would pull out altogether, that Plessey would become the prime System X development contractor, and that Plessey and GEC would split manufacturing until 1985, so both could prepare for domestic and international competition.⁵⁶

This episode partly explains the Thatcher government's emphasis on IT during BT's privatization. The creation of BT and end of the state monopoly provided an opportunity to restructure Britain's information technology manufacturing industry and strengthen its export prospects. This came during a wider emphasis on information technology industries across the Western world, which Herbert Schiller has explained as an attempt by Western nations to gain a competitive edge as they attempted to extract themselves from the financial turbulence of the 1970s and early 1980s.⁵⁷ Nations turned to information technologies as a new market and industry to grow for national competitiveness, and Schiller uses examples from both Britain and France to show this. In 1982, the President of France, Francois Mitterand, announced an expansion of electronics research and development, and the French government announced a nationwide program to connect every household to cable television, which would both create

⁵⁵ TNA: PRO, PREM 19/876, J.S. Whyte to J. Samson, W.D. Morton, and D.H. Pitcher, 'Organisation and Prospects for System X' (18 May 1982).

⁵⁶ TNA: PRO, PREM 19/877, Kenneth Baker to Margaret Thatcher, 'System X' (29 September 1982).

⁵⁷ Herbert I. Schiller, *Information and the Crisis Economy* (Norwood, New Jersey, 1984), 2–3.

jobs and fuel development of French electronics equipment for export.⁵⁸ In Britain, the Hunt Committee in 1982 also recommended a nationwide cable program, and Leon Brittan, the Home Secretary, called cabling the nation an investment in growth, jobs, and Britain's future.⁵⁹ Restructuring British telecommunications, through liberalization and privatization, offered a further investment in Britain's IT industry, and, as James Sumner has suggested, shows information technology policy as an extension of Thatcher's nationalism.⁶⁰

Information technology and BT, however, offered more than just protectionist industrial policy. They also offered a vehicle for ideological commitments to individualism, entrepreneurialism, market power, and a small state. A 1982 white paper announcing the government's plans to privatize BT, *The Future of Telecommunications in Britain*, conflated privatization as an economic and technological act, explaining that BT's public sector borrowing requirement would be replaced by IT regulations that were 'the most liberal in the world', and so 'would free BT from traditional forms of government control'.⁶¹ The paper further equated information technology with market power, explaining that 'competition and the advent of new technology are stimulating BT to respond to market opportunities'. From the beginning, BT's privatization joined information technology policy with free markets.

A speech, 'Towards an Information Economy', by Kenneth Baker during IT-82 further demonstrates information technology's ideological appeal to Conservative ministers.⁶²

⁵⁸ Francois Mitterand, 'Official Opening of Colloque Nationale En Recherche et Technologie' (13 January 1982), trans. Schiller, *Information and the Crisis Economy*, 2; 'Official Communique of the Council of Ministers', *Le Monde*, 5 November 1982.

⁵⁹ Hunt Report, *Report of the Inquiry into Cable Expansion and Broadcasting Policy*, Cmnd. 8679 (London: HMSO, 1982); 'Full Speed Ahead for Cable TV - Brittan', *The Guardian*, 1 July 1983.

⁶⁰ James Sumner, 'Defiance to Compliance: Visions of the Computer in Postwar Britain', *History and Technology* 30, no. 4 (2014): 309–33.

⁶¹ *The Future of Telecommunications in Britain*, Cmnd. 8610 (London, 1982).

⁶² TNA: PRO, T 471/45, Kenneth Baker, 'Towards an Information Economy' (7 September 1982).

Speaking to the British Association for the Advancement of Science, Baker contrasted the opportunities of information technology in the ‘post-industrial society’ for greater personal freedom, the retreat of the state, and privatization with a dystopic vision of the ‘Electronic State’, characterised by the power ‘to survey, control and manipulate the citizen’, as it appeared in the technologically-manipulated societies of Aldous Huxley’s *Brave New World* and George Orwell’s *Nineteen Eighty-Four*. Baker did not explicitly reference BT’s impending privatization, but portrayed privatization as a weapon against the electronic state, arguing that, ‘We should enhance the opportunities of private ownership for what the State owns it has to control. The State will provide much, the Electronic State could provide more, but it would exact a price in terms of personal freedom’. In Baker’s reading of information technology, privatization was a necessary precondition to realising IT’s individualist, emancipatory, free market potential, and to preventing its Orwellian applications.

Baker’s speech shows the politics of privatization as an early locus for the digital utopian ideologies that Turner, Barbrook and Cameron identify in the USA in the 1990s. Baker called the ‘free flow of information’ a necessary condition for a liberated information society, greater personal freedoms and private ownership, and the retreat of the state.⁶³ This sentiment resembles, yet predates, *WIRED* founder and cyberculture guru Stewart Brand’s maxim that ‘information wants to be free’, which has since become one of the rallying calls of digital utopianism.⁶⁴ The ‘free flow of information’, however, has a longer history as a key term in late 1970s and early 1980s economic and industrial policy. The ‘free flow of information doctrine’ was a policy programme supported by the US and British governments, the OECD, and transnational companies such as Coca-Cola and IBM.⁶⁵ It meant an openness to

⁶³ TNA: PRO, T 471/45, Kenneth Baker, ‘Towards an Information Economy’ (7 September 1982).

⁶⁴ Turner, *From Counterculture to Cyberculture*, 254.

⁶⁵ Schiller, *Information and the Crisis Economy*, 45–72.

‘transborder data flows’, which were necessary for many transnational companies, especially financial institutions, to operate across multiple countries. Opposing the free flow of information thus meant opposing jobs and investment, and so deregulating and privatizing telecommunications was cast as essential to promoting trans-border data flows. Baker’s speech shows the early association of deregulatory information technology policy with free market and individualistic ideologies, brought together in IT-82 and the privatization of BT.

These readings of information technology were also meaningful within BT. In November 1980, at a retreat to prepare for the end of the telecom monopoly, BT board members and senior management understood liberalization as necessary to BT’s technological development, which in turn promised to create a small, individualistic state.⁶⁶ Alex Reid, BT’s Director of Business Systems, who had presented the London TeleCity initiative to the CTC, described BT’s data communications as key to developing British business.⁶⁷ Richard Greensmith, Head of the Telecommunications Industrial Relations and Safety Department, argued that information technology promised decentralization and individual freedom, echoing the trendy rhetoric about the ‘electronic cottage’ industries that Alvin Toffler claimed would define the move from the ‘Second Wave’ industrial age to the ‘Third Wave’ information age.⁶⁸ In BT, this discourse peaked when J.J. Wheatley, BT’s Head Economics Adviser, described that information technology would allow ‘small government’.⁶⁹ The government also targeted BT’s management using these narratives. In a July 1982 Q&A with senior BT managers,

⁶⁶ For further detail on the organisational background for this retreat, please see Jacob Ward, ‘Computing the Long Range: Inventing and Marketing the Future in the British Telephone System, 1966-1981’, *Technology and Culture*, forthcoming.

⁶⁷ BTA, TCC 75/1, ‘Into the 21st Century: Proceedings of a Long Range Strategy Seminar’ (1980), 77.

⁶⁸ BTA, TCC 75/1, ‘Into the 21st Century’ (1980), 60; Alvin Toffler, *The Third Wave* (New York, 1980), 204–14.

⁶⁹ BTA, TCC 75/1, ‘Into the 21st Century’ (1980), 24.

Patrick Jenkin presented privatization as necessary for the information revolution, explaining that Britain ‘cannot afford to keep BT trammelled by the mesh of bureaucratic controls at a time when technological and commercial developments really set this organisation at the centre of our electronic future’.⁷⁰ Inside BT, as outside, privatization became necessary for Britain’s participation in the information revolution.

The drive for national competitiveness and industrial revival explains the Conservative focus on information technology, but it does not explain this new discourse of information technology as a technology of individual freedom and small government. Neither Conservative politicians nor BT executives reference a specific author or work that explains this discourse, but Kenneth Baker’s mention of the ‘post-industrial society’ in ‘Towards an Information Economy’ shows one influence.⁷¹ Daniel Bell, the American sociologist, coined the ‘post-industrial society’ in his 1973 book *The Coming of Post-Industrial Society: A Venture in Social Forecasting*, in which he cast computers as central to a future knowledge economy.⁷² Bell’s work became very popular, providing a way to understand the increasing presence of computers in society during the 1970s.⁷³ Many American politicians and entrepreneurs, by reading mental freedom as essential to knowledge production, began to believe that, as information technology enabled knowledge production, so it would also enable individual freedom.⁷⁴ In the late 1970s and early 1980s, the microcomputing industry in Britain took off, and so, as in the USA, theories of the post-industrial society and personal computing fused with

⁷⁰ BTA, TCD 69/2/115, ‘Extracts from a Speech, and Answers to Questions, given by the Secretary of State to Senior BT Managers’ (29 July 1982).

⁷¹ TNA: PRO, T 471/45, Kenneth Baker, ‘Towards an Information Economy’ (7 September 1982).

⁷² Daniel Bell, *The Coming of Post-Industrial Society: A Venture in Social Forecasting* (New York, 1973).

⁷³ Webster, *Theories of the Information Society*, 38.

⁷⁴ Turner, *From Counterculture to Cyberculture*, 228–30.

ideological commitments to individualism, producing visions of information technology as a technology of individual freedom that necessitated the shrinking of the regulatory state.

This was not the case on the left, but even the views of left-wing politicians show a consensus on information technology's liberating qualities and on BT's importance to the information revolution. Tony Benn decried the microchip as 'tyranny in the form of liberation', and, in a 1982 film, *New Technology, Whose Progress?*, attacked IT-82 as promoting the use of IT 'to remove decision-making from the worker and increase management control'.⁷⁵ Benn, however, still saw information technology as emancipatory, saying that it could 'give people a sense of freedom'.⁷⁶ Benn's stance was thus not anti-technology, but anti-politics, arguing against the entrenchment of corporate power through IT. In 1984, when Geoffrey Pattie, Baker's successor as Minister for Information Technology, announced Kleinwort Benson's sale of BT to the House of Commons, Alan Williams, the Labour MP for Swansea West, complained that the government 'intend to hand over to the whims of short-term profit maximisation the very industry that will be at the centre of the information technology revolution'.⁷⁷ Pattie making this announcement, rather than Norman Tebbit, the Secretary of State for Trade and Industry, further shows the Conservative government's commitment to privatization as the remit of information technology policy, rather than industrial or economic policy, while Williams' response shows that left-wing politicians too believed in the promise of the information revolution and BT's value to that revolution.

BT became important abroad as well, as its sale cemented the importance of privatization to the information technology revolution. Tom Forester's 1987 popular science book *The High-Tech Society* referred to the privatization of BT as a necessary move to market

⁷⁵ TNA: PRO, PREM 19/1100, 'Telecommunications Bill: 2nd Reading' (29 November 1982); 'Screen Test', *The Guardian*, 26 February 1982, 15.

⁷⁶ 'Screen Test', *The Guardian*, 26 February 1982, 15.

⁷⁷ Parliamentary Debates (Commons), 67, 16 November 1984, 915-22.

access, required to realign the telecommunications industry for the IT revolution.⁷⁸ This became the European consensus as well, as a 1994 European Commission report, ‘Europe and the Global Information Society’, by Martin Bangemann, the Commissioner for the Internal Market and Industrial Affairs under Jacques Delors, advocated privatization as a necessary condition for spreading the information revolution, a ‘market-driven revolution’, throughout Europe.⁷⁹ As Thatcher had said in her 1992 ‘Principles of Thatcherism’ speeches, privatization had indeed become one of Britain’s most successful exports, but what she overlooked was how, with BT, one of the earliest and largest telecom privatizations, Britain had become a central example of how a country should kickstart its information revolution.

BT’s privatization also provided a chance to focus on the City of London as part of the information revolution. Speaking at an IT conference at the Barbican in 1982, Thatcher argued that information technology was key to reviving Britain’s economy and industrial base, but required free enterprise and competition, and so had necessitated BT’s privatization and the end of its monopoly.⁸⁰ But Thatcher further argued that information technology had ‘helped London to become the most efficient financial centre in the world, through the City’s ability to process vast amounts of information quickly and accurately’. In the most public reversal of its uniformity policy, BT also proclaimed its new attention to the City during privatization. During 1984, BT ran an advertising campaign, ‘The Power Behind the Button’, in which it promoted privatization as essential to unshackling BT’s technological sophistication and power.⁸¹ Adverts in the first phase showcased BT’s wide range of technological products, from optical

⁷⁸ Tom Forester, *High-Tech Society: The Story of the Information Technology Revolution* (Cambridge, Massachusetts, 1987), 92–95.

⁷⁹ European Commission, ‘Report on Europe and the Global Information Society’ (Brussels, 1994).

⁸⁰ Thatcher MSS (Digital Collection), 105067, Margaret Thatcher, ‘Speech Opening Conference on Information Technology’ (8 December 1982), <http://www.margaretthatcher.org/document/105067>.

⁸¹ Newman, *The Selling of British Telecom*, 86–87.

fibre to System X to Goonhilly Earth Station. In the second phase, adverts focussed on the domestic setting of the home telephone, addressing anxieties about privatization and customer service. The third and final phase returned to high technology and emphasized BT's participation in the privatization as essential to the success of the City of London. A TV advert from this phase highlighted services such as BT's City Business System, which money dealers used to place global telephone calls and transactions, and closed with 'Helping London stay at the heart of the world's financial markets, British Telecom is the power behind the button'.⁸² Thatcher's speech and BT's advert show that the City of London, alongside electronics manufacturing, was another national industry that was important to Britain's information revolution. Moreover, as government ministers repeatedly cast BT's sale as essential to Britain's participation in the information revolution, the implicit message was that privatization made Britain's information revolution and the City of London's financial success co-dependent.

In the privatization of British Telecom, neoliberal ideologies about information technology thus met with the financialization of telecommunications. BT had become central to narratives about an entrepreneurial, emancipatory information revolution, in which both BT and that revolution would propel Britain forward by focussing on the City of London. This contrasted with 1968, when the CTC was founded, and when the Post Office would not break with its uniformity principle, nor did politicians position the Post Office or information technology as central to individual freedom and the small state. The reasons for these changes came from many directions. Institutions from the City of London pressured for BT's privatization, ensured that financial interests became BT's main purchasers, and caused BT to prioritize the City over the rest of the country. Meanwhile, in contrast to the centralizing

⁸² *BT's City Business System: The Power Behind the Button* (BT, 1984), <https://www.youtube.com/watch?v=1rGl6wnnWQM> [date of access: 4 April 2019].

approaches to computing in earlier post-war politics and government, ideas about information technology's importance to the national economy resulted in a contradictory politics that prized both protectionist industrial policy and free market individualism. For the Conservatives, liberalizing and selling BT was key to achieving both, providing an opportunity to strengthen both Britain's electronics manufacturing industry and the City of London, and demonstrating an ideological commitment to individualism, free markets, and the small state. Privatizing telecommunications thus became a necessary precondition for both Thatcherism and the information age, and BT's privatization, one of the earliest and largest, produced the broad consensus that privatizing telecommunications monopolies was the fastest route to the information revolution. This peaked when Margaret Thatcher and BT both fused privatization as an act of financialization and as a precondition for the information revolution by presenting the City of London as a high-tech industry that privatization and information technology would make world-leading.

Conclusion: The London Ideology

I opened this article by asking what BT's privatization was about. Was it about share-owning democracy, the City of London, or the information revolution? This article's first task was to disentangle the first two answers, identifying why John Redwood and Barclays Merchant Bank would subordinate share-owning democracy to City financial institutions. The immediate answer was that BT's sale was so large that the government needed to find new markets and to increase BT's appeal to the existing market in the City of London.

I have argued, however, that a longer history of the City's relationship with the telecommunications business shaped these strategies. Since the early 1970s, City institutions had called for privatization so that the telecommunications business might start favouring the

City over the rest of the country. The City felt this need so urgently that various groups formed, from the City Telecommunications Subcommittee to the City Telecommunications Group to the Association of Telecommunications Users. These groups were successful in not only pressuring for BT's sale and purchasing most of its offered shares, but also in realising the City's long ambition, since the CTC's formation in 1968, to get preferred customer status from BT.

This reinforces recent scholarship that has shown the important role of business and financial interests in shaping Thatcherism, and in particular, Amy Edwards' deconstruction of the Thatcherist rhetoric about popular capitalism, which BT's sale supposedly radicalized.⁸³ While BT's sale certainly kindled the share-owning democracy, this paper also shows that, for the government and for BT, the more important customer demographic lay in the City of London. But, beyond this, it also shows how BT's sale tied financial interests to the political focus on information technology under Margaret Thatcher.

Exploring the City's role thus also addressed this article's second task, which was to investigate the role that BT's privatization played in information technology policy and rhetoric. Politicians and BT executives aligned privatization with the 'information revolution' by arguing that information technology realised their ideological goals of individualism, market power, and a small state. Beyond this, however, were two revealing moments from Thatcher and BT, in which Thatcher's IT-82 speech and BT's 'The Power Beyond the Button' advertising campaign argued that prioritizing the City of London was an essential part of the British 'information revolution', and that privatization was crucial to enabling this.

⁸³ Jackson, 'The think-tank archipelago'; Rollings, 'Cracks in the post-war Keynesian settlement?'; Edwards, "Manufacturing Capitalists"; Edwards, "Financial Consumerism".

Turner, Barbrook and Cameron have all addressed this intersection of information technology, libertarianism, and neoliberal economic policy in 1990s America.⁸⁴ Barbrook and Cameron called this intersection the ‘Californian ideology’, where information technology provided the place for countercultural values of individual freedom to meet with deregulatory economic policy. In this process, digital utopianism, the belief that information technology could transform both the individual and the state, was born. This article, however, shows a similar phenomenon that predates 1990s America and draws attention to the concrete actions of financial interests and privatization policies that Barbrook and Cameron overlook.

BT’s privatization was central to a ‘London ideology’ that drew on existing framings of information technology as emancipatory, but then cast the privatization of information technology as not only essential to realising this emancipation, but also to shrinking the state, facilitating free markets, and empowering the City of London. The privatization of telecommunications became interpreted as a pre-requisite for the information age across the world, from popular science in Tom Forester’s *The High-Tech Society* to policy-making in Martin Bangemann’s ‘Europe and the Global Information Society’. Thatcher called privatization, as an act of industrial efficiency and popular capitalism, one of Britain’s ‘most successful exports’, but I would argue that, as the ‘share-owning democracy’ rhetoric has since died off, BT’s sale shows that the London ideology’s privatization and financialization of telecommunications was instead one of Thatcherism’s most successful exports.

⁸⁴ Turner, *From Counterculture to Cyberculture*; Barbrook and Cameron, ‘The Californian ideology’.