

Forty years after Margaret Thatcher became the first woman prime minister of the UK, her past actions and reforms remain highly polarizing and influential. Nevertheless, there is general agreement that her government was a game-changing one in many aspects. In this thesis we test whether and to what extent her deconstruction of the Post-war consensus affected the UK's economic performance. We apply the synthetic control method in order to observe the overall economic impact of Thatcher's policies. We find significant evidence that M. Thatcher exploited the output-inflation trade-off, and the decrease of inflation was very much at the costs of a significant increase of unemployment. We have calculated that in case of continuation of Post-war consensus policies the inflation would be on average approximately 2.2% higher and unemployment 2.8% lower in time period 1980-1990.