'I am much nearer to creating one nation than the Labour Party will ever be⁹

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SUNDAY TIMES

In the first of two exclusive interviews, Hugo Young talks fundamentalism with Mrs Thatcher. Next: Michael Foot

SOME THINGS about Margaret Thatcher never change. It is one of her greatest strengths as a political your argument", she concluded pityingly. "I see you've been caught and nobbled too." leader, which does not apply simply to her convictions. "You are totally and utterly wrong," she was saying. "Totally and utterly wrong." And I felt obscurely reassured that the style of combat, too, had not in any way been tempered as she entered her ninth year as leader of the Conservative

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party. We were discussing the underside of British society. I ventured the opinion that there were some people to whom the Tory instruction to stand on their own two feet could not easily apply. The concept of personal responsibility is being refurbished as the theme of the Tory manifesto. But what did it mean to the very poor ("Exactly"), the chronically unem-ployed ("Of course")? Wasn't the party vulnerable to the charge that its iron philosophy neglected such mistirs? misfits'

She couldn't wait to get her word in – another old habit uneradicated. I was hopelessly in error. The party cared for precisely these people. Its whole welfare approach was addressed to them. Take the health service. Encouraging private practice was just what the doctor ordered.

"But doesn't an expanding private health sector necessarily take scarce doctors and medical resources away from the national health service?

"No. of course it doesn't." The market principle worked here as well as everywhere else. "If you get extra demand coming up, you'll have extra jobs. Extra jobs. You'll get extra demands for doctors.

And for nurses." A bigger BUPA was also good for the balance of payments. "I might also say it earns a lot of

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"Fundamental" is still her favourite word, usually in reference to her own principles. If she wins, they will be written all over Tory Britain in the later 1980s, which is what I'd come to find out about. To find someone still talking fundamentalism after nearly four years as prime minister is a novel experience, even on the global scale. But Mrs Thatcher is a brilliant advertisement for its inner therapeutic qualities.

I've watched the last three prime ministers at fairly close quarters: Wilson, Heath, Callaghan. They all had one thing in common after a few years in power. They looked and sounded like more or less broken men; exhausted and de-pressed by years of futile struggle with the British economy; looking for scapegoats; utterly dominated by the seemingly insoluble com-plexities of making Britain work.

By some reckonings, Mrs Thatcher has done even worse than them. Inflation may be under control, but unemployment has doubled and recovery is not in sight. Yet presiding over the wreckage is a lady whose face is as immaculately unscarred as her self-belief. It is the face of someone who is quite certain that the phoenix is about to rise.

Not only is this conviction unimpaired by experience. It has acquired a mesmerising new dimension - a new, rich wholeness with history. Thatcherism, it appears, is now a seamless garment. Morality, monetarism and freedom come from the same cloth. It is no longer revolutionary, so much as a rediscovery of the past. And some unexpected heroes turn out to be on Mrs Thatcher's



"Don't forget that in the increased production. Have I got it Macmillan years the proportion of over to you?" public exenditure was lower than it is now. I think sometimes people misinterpret the Macmillan years. Taxation was lower. Many things, we now have in the social services were never there then. Fuel for the elderly and families with young

children - £300 million". Moreover, Macmillan was the godfather of Thatcherite industrial policies. "It was from him that I learned how to deal with indus-tries in difficulty. Don't put in subsidies unless they put their house in order. He did it with cotton. It's what we continued to do with British Leyland, and there've been enormous improvements."

"But wasn't Macmillan someone who believed in the middle ground?"

"People talk rather loosely about the middle ground." "Expanding the welfare state?"

"No. He believed in Winston's view, and we were all brought up on it, that you have to have a safety net and a ladder. A safety net to make sure that there's a basic standard of living, no matter what happens."

A lot of this came back to cconomics. Macmillan didn't know how lucky he was, in that the international competition was much less intense. "During his time the challenge from the countries devastated in war, let alone the newly industrialised countries, had not come to flower. When I was first in parliament, in 1959, we were still towards the top of the production-per-head league. Well, the others came up toward the end of the 1960s, and came into full competition."

In those golden days, there had been growth. But when the growth stopped, old habits did not change. "The habit of increased public expenditure and increased wages went on, but the growth was not there, and so the extra money went straight into inflation. That's when we began to get into fundamental difficulties about the distribution of income between the public and private sector, and about costs. You had 100 per cent increase in money supply, and you'll find 95 per cent went into higher prices and only five per cent into

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Surveying this hideous legacy, moreover, the aged Macmillan was now a valued ally. "He didn't have to tackle what I have to tackle. And in some of his interviews he's been a quite vociferous critic of the amount taken by the public sector. Indeed, every bit as vociferous as I am."

CONVERSION is one of the formative experiences of many Thatcherites, beginning with the prime minister herself. Surely the economy must have been going all wrong when she was partly in charge of it, as a member of Ted Heath's cabinet? Shouldn't she have seen the light much earlier? "Oh yes", she said quietly. She recalled her seduction not so much by Heath as he percent Member of the second second second second second second by Heath as he percent as the second s

by Heath as by Reggie Maudling in 1963, with his dream of a dash for growth. But it became a dash for inflation. "When we went into a different period, in the seventies, we tried to obscure the fundamentals by printing money. Have I got the message across?"

But her court is remarkable for the number of converts not merely from Heathism but communism, socialism and other species of degenerate thinking. Why was she so warm towards converts? Her answer seemed more autobio-graphical. "You might just as well get rid

of your illusions. They won't see you through anything. You have got to come down to realities. Habits and illusions are very difficult to break, and people never believe they are going to break. It's like the oil price. I remember difficulties on the horizon, in the early seventies. I remember being a little bit disturbed, but not sufficiently disturbed."

Then the price had gone up tenfold, and people started to economise and find alternatives. That, too, one ought to have foreseen. Fundamental laws were working. You can't get around them by printing money And at this point, Mrs Thatcher wheeled on her most potent witness, the ultimate guarantor of her rightness. Not even the great John Maynard Keynes can escape the embrace of a leader whose policies were once thought to be a continued on next page

money, a lot of export money. No, you're looking at it in *totally* the wrong way. Don't forget, people are paying for the NHS whether they use it or not. The more people are prepared to look after their own wants, the fewer demands you have on the state, and the more resources you have, by definition, to look after those who need it. The poor, the elderly, the disabled, and those who wish to make use of

side, after all. WE BEGAN with Harold Macmillan. To some of her most ardent supporters, the Macmillan era is when Conservatism began to go off the rails. She had changed direction. So should we regard the Macmillan years as an aberration? "I don't think I've changed the direction of Conservatism", she "That's the fundamental flaw in said. "I may have redefined it.

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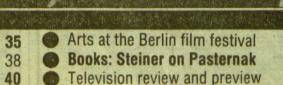
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THE SUNDAY TIMES, 27 FEBRUARY 1983

THATCHER

continued from previous page wholesale repudiation of his

errors. "If "If you go back to Keynes, you'll find he says that if your money supply is below your production one or two years, then you've got to bring it up. But taking one year with another, you've got to keep the balance. They forgot about keeping the balance one year with another." "I would say," she concluded, "that I really am the true

Keynesian, when I'm taken as a whole."

ANOTHER fundamental is employment. What would Britain look like, jobs-wise, in the late 1980s? I 1980s? I wondered what Mrs Thatcher had thought of a recent statement by the Northern Ireland secretary, Jim Prior, that there was a real danger of the country becoming a two-nation state. But

we got off on the wrong foot. "Oh, the Labour party was creating two nations. My gosh, it was creating two nations.

'I was thinking about employment' You're taking a lot of ... not shibboleths but phrases without

going into them." I'm trying to provoke you." "Well, you're going about it the right way. The Labour party were creating two nations by trying to get so many people into public sector jobs that they could say 'You vote for us, your job's at stake. Vote for us in those council

houses, we'll keep your rents down'. Oh, yes. Look at Glasgow." She was very steamed up now. "I am much nearer to creating one nation than Labour will ever be. Socialism is two nations. The privileged rulers, and everyone else. And it always gets to that. What I am desperately trying to do is create one nation with everyone being a man of property, or having the opportunity to be a man of property.

Property was the basis of all freedom. Start with a house. Shared ownership was a totally new concept, giving people the chance to buy half a house to begin with - "it gives you a stake, a new independence."

After houses, savings. "I would like us to become the savers' party. Good Lord, my grandmother, who was the wife of a railway guard, had saved £600 when she died in 1935. That generation did. My father earned 14 shillings as a manager of someone else's grocery shop, of which 12 shillings went to digs, one shilling went to saving and one was for spending. Now they saved. And my goodness, government after government

plundered their savings by what they called reflation. £100 in 1935 is worth only £8.70 now.'

The very foundations of exist-ence would be changed, moral as well as financial, if inflation could be suppressed. "You're going to change the whole of your life, the whole of the attitude to honesty and integrity, if the pound you put in and save out of your earnings, ou can still use in retirement. You're going to alter the whole attitude towards investment if. when you finish building, the price has not gone up from when you started.

Saving, however, does presuppose an employed society, generating these earnings. Wasn't it time, asked, that all politicians admitted that by the end of the next government, it was wholly improbable that there would be fewer than two million people unemployed?

She paused before replying. "I wouldn't like to say about the end of the next government. It depends how rapidly your services develop. You know the classic example. At the beginning of this century, weren't about half the people employed in farming and domestic service? It would have been difficult then to have foreseen the massive creation of industrial jobs. You also had a massive creation of jobs in services. Look, the aeroplane brought a massive creation of jobs. And tourism. I think you will get a massive creation."

"That's an act of faith more than anything else", I suggested.

"So it was at the beginning of the century. It's not an act of faith, it's an act of experience. Who could have foretold in 1970 that today in Scotland there'd be more jobs in the new electronics than there are in steel and shipbuilding? Who'd heard of circuit boards?"

'Yes, but there aren't more jobs in total than there were in 1970." "No, there aren't. I know. When I came into politics there were 700,000 jobs in mining. Now there are 200,000. But who's suggesting that mining would be more flourishing if you put 500,000 people back into it? It wouldn't."

So it was to new industries starting up that you had to look. Unfortunately, socialism had set them back. People had got so accustomed to looking to the state that a smaller proportion of people in this country than anywhere else were employed in small businesses or were self-employed. And the state did have a role here, not just in subsidising old industries "to mitigate the effects of change", but in attracting private money into

new industries. The old belief that government "couldn't make choices" - a



Macmillan: "He believed in a safety net and a ladder"

common theme back in 1979 - of the solution rather than the certainly seems to have changed. People must not think like the old Luddites, saying just because you've got big machines you'll never have more jobs. I wouldn't accept that. We couldn't see exactly where they'd come then, but they did come. And we're trying to put money into where they come." We were also giving a lot of help to firms to beat off unfair foreign competition. Where there's a need for government to do things only govern-ment can do, I'm saying I do not

shrink from it.' All the same, I suggested, there was this huge unemployment figure, and wouldn't it be sensible for government to start thinking more about leisure, working hours, possibly a different concept of work?

"Don't forget that tourism is leisure. Many of the leisure centres create jobs as well. I accept we have to do something about that as well, though. But please do not accept, because I think you would be wrong, that you're going to have large numbers of people perma-nently unemployed."

Earlier retirement, however, was not the answer. "You may well have different ages of retirement, although I think people are very wrong to think that the problems are going to be solved that way." Besides, the old seem to be part

problem, the very epitome of proper Toryism in action, "Often older folk find work for them-selves. They do all kinds of work, usually services, that would not be done unless they were prepared to do it. Often they have skills for which there might not be a mass market, but there's a local market in self-employment. Also, when you're thinking of elderly folk, people are very much better when they have something to do, and they do make their own work. This really is a new enterprise."

OLD PEOPLE, however, have another embodiment: as pensioners and potential beneficiaries from welfare. Along with the sick, the young, the working mother and, somewhat incongruously, the child who cannot handle pocket money, they are the objects of some radical revisionism in the laboratories of Conservative though Leaked documents sugit each of these categogesting ries sho do more to look after themselves have made this the most exploitable horror-story in electoral politics, but Mrs Thatcher appeared unrepentant.

"There would be something very wrong about the Tory party", she said, "if it weren't a constant fountain of thought. Constantly reconsidering everything and reas-sessing. Really, the hysteria of the Labour party about this. You of the withering scorn. "That is not dismantling the welfare state in any way. I think your line of

might think they had a notice on all party cards: Thinking is dangerous for your health. Of course, that's the history of all party cards: Thinking marxism. It's morally bankrupt This seemed a big leap. Could it be positively marxist to defend the existing welfare state? Apparently, not quite. What was marxist was the notion that people shoudn't be allowed to challenge ideas. 'They're not allowed freedom of discussion. So if you go wholly to state action, you don't get that freedom of reassessment.

Keynes: "I really am the true

Keynesian, taken as a whole"

Social policy mirrored econ-omic policy. The state could not create wealth. But state employees, when unchallenged, grabbed what they could. "By massive protest, massive monopoly strikes, they coerced governments to give them bigger share of what there was. You'll find a lot of socialism, a lot of protest, was about the redistri-bution of wealth, not creation. And we went absolutely as far as we could with redistribution."

The next stage was to put money back into people's pockets, to do what they want with. Another fundamental law then comes into operation. More people on BUPA, more people struggling to send children to private schools. Here, having barely opened my mouth on the subject, I felt some

thought is flawed, like many people's is flawed. They think you've got to have a flourishing public sector - and the overspill is the private sector. The truth is that you will only get a flourishing public sector, able to do what you

want to do for people for whom you must do it, if you have a flourishing private sector.

But would the methods and mplications of privatising welfare be spelled out in detail in the election manifesto? I know there is a great argument about this going on inside the party management. But she dodged it.

"We will try to show the way ahead."

The way would be positive. She was saddled with positivism. "I'm not a destructive person, as you know. That's my difficulty in politics. I don't necessarily go wham, wham', unless someone really provokes me. So please give us credit. We've never stopped generating new ideas, thinking forward And please contrast it with the

other side. Labour was bankrupt. It didn't like thinking at all. In the end, in fact, I gathered I had not misunderstood Mrs Thatcher when she seemed to say that Labour had effectively become a marxist party. In her view, the welfare state had reached the end of its proper road.

When we took over the basic welfare state, socialism had nowhere to go, except to go marxist. There is nothing else. We've got the basic welfare state, and now we've got the opportunity as well. This might have been the combination of the Macmillan years and mine. What I've now got to deal with are the imbalances. Not sufficient opportunity, sufficient enterprise, sufficient reward for own endeavours."

NO ONE COULD say this about her. Her own endeavours look stupendous. She is the ultimate argument against exercise, hobbies and the rest of the paraphernalia of a supposedly balanced life. Of distractions and private appetites, to relieve the sheer bloody tedium, there seem to be none. Power is the life-enhancing adrenalin.

"Do you ever relax?" "I don't think so very much. Now and then one goes for a walk. Now and then one will turn to ordinary household things. I like to do something practical."

"Do you read" "Oh, always."

"What are you reading now?"

"Right now, I'm re-reading The Ten Commandments, by the Archbishop of York. I'm always trying to read a *fundamental* book. I read quite a lot of theological work. The Bishop of London, too." The BBC has lent her Barchester

Towers and Yes, Minister on

video. "I adore Yes, Minister, Some of it docs hit home so marvellously. I think Nigel Hawthorne is terrific. He's in both of them.

But otherwise, carnestness knows almost no bounds. "I've just finished The Church and the Bomb [The Church of England report]. I'm very keen on lectures. 'Is there a good lecture going', I put it that way. I always try to get hold of them because they really are distilled experience. I'm a devotee of Michael Howard. A very, very penetrating mind on military

What was all this reading for? Partly, I think, it connected with the seamless morality which she sees it as the politician's proper job to express. Improving reading equips the self-helping mind.

In schools, for example, it was decidedly the state's job to express certain standards and values, "and these, I would say, are based inherently on Judaism and Chris-tianity." The 1944 Education Act provided for an act of worship.

"You'll find millions of people who wish that to be upheld. It doesn't matter what their background is, they want their children to be taught things that are good. You also can't get a free society unless the overwhelming majority of your people are *honest*. That's a moral standard. This is Burke. The only good freedom is an ordered freedom

The bishops, I am sure, replen-ish her moral thinking. But the reading also connects with economy. Once again the saver, always husbanding resources, springs to mind. That image, in fact, seems to speak for human activity in almost all its aspects.

"Your mind is like a bank. You put a lot in and you draw on it. If you don't go on putting things in, you'll find you've drawn out the deposit. But if they're there, your mind will take them, and be like the very best computer, putting all sorts of things together. All of a sudden, you'll find you have information which enabled you to think something fresh.

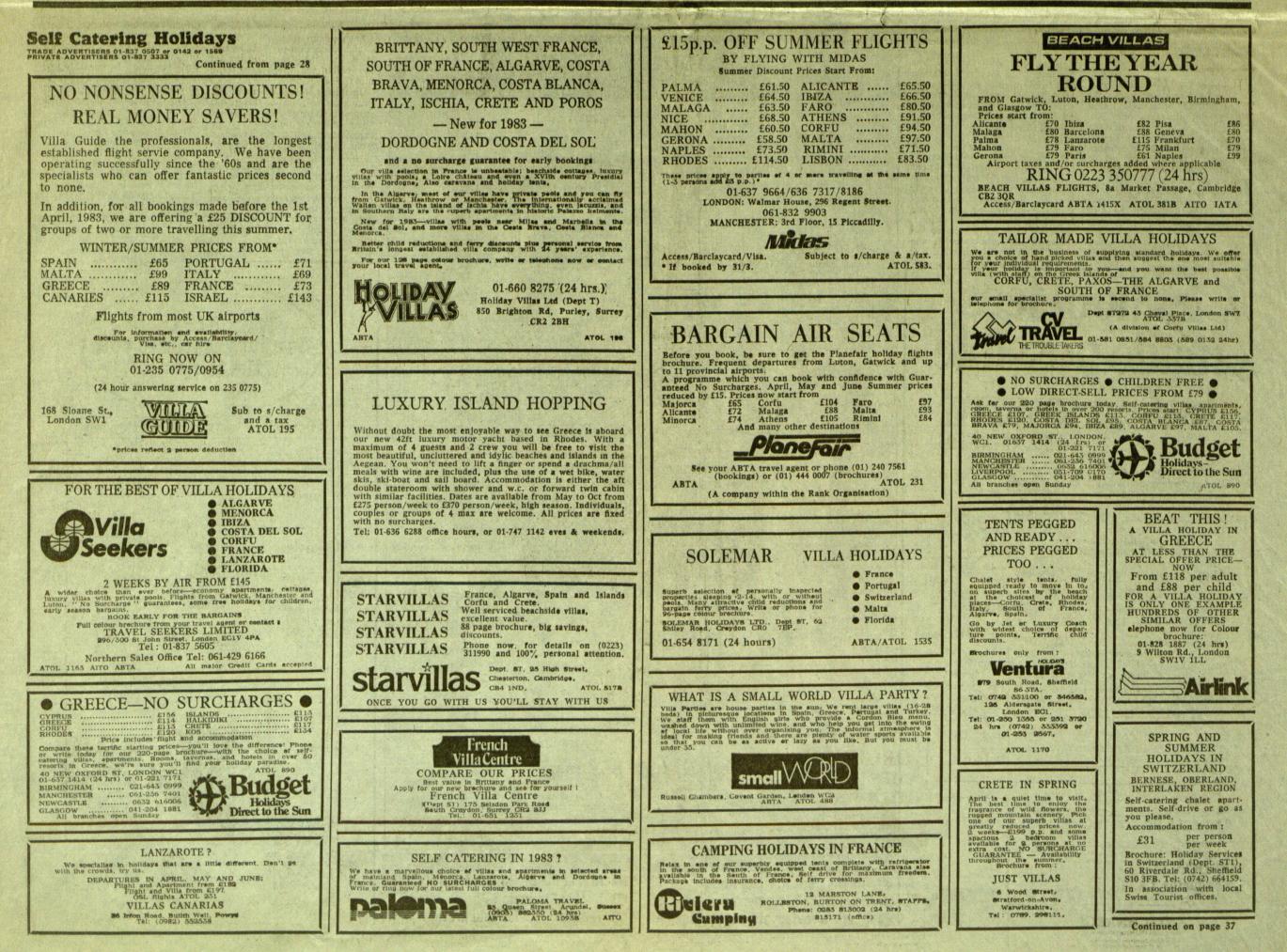
In this computerised bank, it is the new connections on the circuit which are supplying fresh results. Wiring up Macmillan and Keynes to Margaret Thatcher produces a startling readout. The pattern is almost reassuring. At one point, however, I found

myself plugged into this company. "You say I go right back to the original philosophies and prin-ciples," she was asserting, and telling me, for once, how right I was

As a matter of fact, that was precisely what I had not said. I had asked a question implying rather the opposite idea, that she had broken with the past. It was she who claimed the umbilical connection. And who is now to disagree?

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