

What Margaret Thatcher did for Eastern Europe

By: Dalibor Rohac – April 13, 2013

When Václav Havel first visited the United Kingdom as Czechoslovak President in March 1990, Margaret Thatcher hosted a dinner in his honour at 10 Downing Street. By then, Havel's team, populated partly by chain-smoking dissidents, had been in active politics for only a couple of months. The Prime Minister did not hesitate to use the opportunity to coach the group of unlikely Czechoslovak leaders. 'She was very direct in giving us advice about economic transition, about what we should and should not be doing,' remembers Havel's former press secretary, Michael Žantovský, who is currently serving as the Czech Ambassador in London.

As last week's street parties in Glasgow, Liverpool and Brixton showed, Margaret Thatcher remains a deeply divisive figure in the UK. To Eastern Europeans, this is puzzling. From our side of the iron curtain, it was always exceedingly clear how lucid she was about the evil of collectivism – an impression amplified by the amount of propaganda used by communist regimes to depict her in the worst possible colours.

In part, her role was symbolic. When she visited Gdańsk in November 1988, twenty thousand Poles came to the streets to greet her enthusiastically. After her historical meeting with Lech Walesa, she said that she had 'felt the spirit of Poland for [herself]'. The value of her visit, giving hope not only to Solidarity supporters but to the entire dissident movement, was enormous.

Symbols matter. In Czechoslovakia, the communist party newspaper, Rudé právo ('The Red Law') chose to ignore the Gdańsk episode, providing instead a short notice about her talks with the Polish government about 'the need to energise economic cooperation between the two countries'. But there was no coming back. In Poland it took less than two months since Thatcher's visit for the Polish regime to recognise that it was fighting a losing war and start talks with Solidarity, which would lead to dismantling of communism in the country. Czechs and Slovaks had to wait for another year.

It is difficult to assess to what extent she and Ronald Reagan were directly instrumental in bringing down communist regimes, by taking a hard line on the Soviet Union at various international fora. However, it is clear that her personal and intellectual example was crucial in directing economic and political transitions in Eastern Europe.

Thatcher influenced a whole generation of Eastern European leaders, including Leszek Balcerowicz of Poland or Václav Klaus of Czechoslovakia and later of the Czech Republic. And although she never saw him as her disciple, she had a lot of esteem for Havel, whose open defiance of the communist regime she greatly admired

Her influence on Eastern European politics was not just intellectual. More important than her admiration for Hayek were her reforms that brought the U.K. economy on the track of economic growth. In the late 1970s, the share of state-owned enterprises, overregulation of the economy, and a lack of macroeconomic discipline created a very

similar set of reform challenges as the ones facing Eastern European reformers in the 1990s.

Her uncompromising pursuit of privatisation and economic liberalisation showed to the world that big, wholesale changes were possible in a short period of time, effectively discrediting the case for a gradual transition from communism in Eastern Europe. That was important, because Eastern European countries that tried gradual economic reforms ended up entrenching corruption, bad governance and cronyism, without any of the alleged benefits that gradualism was supposed to bring.

In short, her success in fixing the British economy gave Eastern Europe an example to aspire to. Thanks to her example, Eastern Europeans of the early 1990s understood well that bold and sometimes painful reforms were a necessary condition for Western levels of prosperity. Somehow, I doubt that the current generation of Western leaders are inspiring the same sentiments in citizens of emerging democracies of the world.

