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Authors	Batonyi, Gabor
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**“Creative Ferment in Eastern Europe”: Thatcher’s Diplomacy
and the Transformation of Hungary in the Mid-1980s**

Gábor Bátonyi

Abstract. This analysis of British *Ostpolitik* focuses on Margaret Thatcher’s diplomacy, exploring her quietly pragmatic efforts to bring about a gradual transformation of Eastern Europe at the cost of supporting selected communist regimes. The analysis reveals how a market-oriented economic experiment in Budapest first sparked the prime minister’s interest in Hungary and inspired her foreign policy in Eastern Europe. It documents the British search for a socialist transition “model”, which led to unprecedented diplomatic overtures towards a small enemy state on the brink of bankruptcy. Based on extensive archival research in Budapest and London, as well as on the personal recollections of three senior British diplomats, this case study challenges some of the common assumptions of the historical literature about Thatcher’s chosen method of combating communism and Britain’s long-term strategy towards the Eastern bloc.

What was Britain’s role in the disintegration of the Soviet empire and the collapse of communism in Central and Eastern Europe? How far did Margaret Thatcher’s diplomacy contribute to the softening of Soviet power? Why did she encourage a prolonged socialist transformation instead of rapid regime change? This analysis addresses these questions through a case study of British engagement with Hungary, tracing the prime minister’s keen interest in Eastern European affairs to the three-day visit she made to Budapest on 2–4 February 1984.

Whilst there is no shortage of academic works on Thatcher’s foreign policy, her attitude to totalitarian states is usually discussed in the context of Great Power politics.¹ The focus of diplomatic historians is almost invariably on her rapport with Mikhail Gorbachev and, latterly, on her attempt “to ‘educate’ Deng Xiaoping”.² By contrast, her involvement with Hungarian politics has received at best perfunctory treatment in spite of its wider importance in the British strategy of selective opening towards Eastern Europe. In Thatcher’s authorised biography, the

first secretary of the Hungarian Socialist Workers' Party, János Kádár, figures cursorily as a "conduit for messages" to Moscow.³ Such a dismissive stance is hardly appropriate in view of the Thatcher Cabinet's "'discovery' of Eastern Europe, perhaps [for] the first time in British history".⁴ Although in Whitehall the "official approach" to Soviet satellite states was "one of caution and of moderate expectations" throughout the Cold War, it did not necessarily imply diplomatic passivity or "disapproving indifference".⁵ Geoffrey Howe, unlike his predecessors, went to great pains as "the first and only Foreign Secretary to visit all of the Warsaw Treaty member states".⁶ In the estimation of Hugo Young, this heightened diplomatic activity in the East proved to be "one of the more carefully cultivated features of the Thatcher–Howe foreign policy".⁷ More than a quarter of a century ago, Brian White ventured to suggest that the Conservative governments of the 1980s had been "as concerned with relationships with the individual countries of Eastern Europe" as they had "with the Soviet Union".⁸ Nevertheless, Thatcher's influence on bilateral relations in the East remains a relatively unexplored area in British historiography.

What follows is the first in-depth examination of her dealings with the Kádár regime, based on recently released British and Hungarian archival records, as well as interviews with three former British ambassadors to Hungary. The research presented here sheds new light on the Thatcher administration's strategy of promoting systemic reform, rather than revolutionary change, in Eastern Europe. It is argued that Anglo-Hungarian relations were hugely influential in shaping the prime minister's pragmatism towards communism, and British foreign policy towards Soviet client states.

For a brief period in 1984, Hungary enjoyed an unusually high profile abroad, and not just in Britain. Between February and June, the Hungarian capital became the focal point of European efforts aimed at reviving stalled international dialogue. "Economically vulnerable to the slightest cold draught in East–West relations", Hungary was dependent on creditor states and trading partners and, therefore, had a vested interest in the success of *détente*.⁹ As a result, the country was, momentarily, treated as "a serious interlocutor" even by some major players of "the Western big league".¹⁰ By the time the British prime minister descended "on a snow-bound and foggy Budapest", the city had turned from a quiet backwater into a diplomatic hub.¹¹ In the words of Malcolm Rifkind, then a parliamentary under-secretary of state at the Foreign Office,

Hungary came to play a “leading regional role” in Eastern Europe and benefitted from a privileged position in the West.¹² This was arguably more by accident than design. As Kádár freely acknowledged, “We had no such aspirations, but somehow or other we gained a bit of prominence as a suitable point of contact between East and West”. He added with pride, “I feel the world needs a country like ours”.¹³

In reality, Hungary needed the Western world considerably more. In spring 1982, the country had been on the brink of insolvency, repeatedly being days or hours away from defaulting on its debt payments.¹⁴ “What the devil can we do but trudge across the fields westwards again?” grumbled the weary Hungarian leader to his fellow Politburo members, who had gathered to discuss the country’s financial crisis.¹⁵ To head off the crisis, from 1979 to 1983 when “the last Soviet offensive in the Cold War” was being waged, the government in Budapest not only maintained good relations but also strengthened its ties with members of the European Community.¹⁶ Despite an “ever-widening circle of sanctions” against Eastern European regimes, the unfolding Polish crisis indirectly helped Hungary’s reorientation, raising its profile and increasing its appeal internationally.¹⁷ In comparison with other debt-ridden Warsaw Pact states, this “highly improbably Communist” country struck foreign observers as an island of peace and prosperity. Although a perceptive British diplomat concluded in 1983 that “the scope for easy improvement within the socialist framework” had been slowly but surely “exhausted”, Western analysts still esteemed Hungarian economic policies for their innovation.¹⁸ Contrary to the “more jaundiced view” of President Ronald Reagan’s Administration, the verdict of European central bankers and government officials was that Hungary’s transformation was “one of the few achievements of the West’s long policy of détente” that was worth endorsing.¹⁹ As the governor of the Bank of England, Gordon Richardson, emphasised to the Committee of Treasury:

It was important to recognise the value of preserving Hungary’s market-oriented economic experiment, and to avoid steps which would tend to drive Hungary, which was in a sense a prime example of the working of detente, back into a much greater dependence on the Soviet Union.²⁰

The governor’s solicitude belied the fact that Hungary only had limited room for manoeuvre. In official communications, the Kádár regime was apt to revert to “colourless orthodoxy”; for Western diplomats, foreign policy was “the least rewarding area for discussion with Hungarians”.²¹ The Hungarian government set out to impress Western negotiators by

showing “discretion” and “civility” rather than “independence” and “originality”.²² Nevertheless, the leaders of the ruling party were in a bind. For all their subservience to Moscow, the Hungarians displayed “a real will” to pursue national objectives without Soviet approval in areas where the foreign policy consequences of their economic experiment were “inescapable”.²³ The British ambassador in Budapest noted in 1980:

The policies which will most significantly affect Hungary’s relationships with her Eastern and Western neighbours over the next decade are being made not in the Foreign Ministry but in the Planning Commission, the Finance Ministry and the National Bank.²⁴

Because of Hungary’s financial diplomacy, within a relatively short time between the late 1970s and the early 1980s, the country changed from a mere satellite state to a “legitimate negotiating partner”.²⁵ Hungary’s credentials as an independent actor were undoubtedly boosted by the communist regime’s secret approaches to the European Community.²⁶ For a British diplomat privy to the ensuing exchanges, these bold moves resembled “trying to throw out an anchor to the West in order to resist a tug to the East”.²⁷ Omitting to consult Yuri Andropov, the Soviet leader (1982–1984), the Kádár regime bombarded prominent Western heads of government with official invitations. In response, the prime ministers of Britain, Italy, and West Germany jostled for positions at the negotiating table with the Hungarians. Kádár, uncharacteristically heedless of Moscow’s “advice”, hosted all three without delay, starting with the British prime minister.

This level of attention from major continental Powers was unprecedented in Hungarian history. The British case is particularly striking. Before Thatcher, no serving British prime minister had set foot in Budapest. The last time a Hungarian premier had visited London was June 1946.²⁸ This neglect had both historical and geopolitical roots. In the blunt phrasing of a Foreign Office steering brief, Hungary was, and could only ever be, “a secondary power, even within Europe”.²⁹ The annual reports of the British Council favoured the description “a country of middling importance”.³⁰ Yet, by the 1980s, diplomatic engagement with this obedient minor Soviet client state was persistently sought after, by the Americans as well as the Europeans.

As far as the United States was concerned, the ever-vigilant Kádár never came close to defying Moscow. According to one historian, the first secretary’s decision in January 1980 to freeze relations with the United States temporarily, against the express wishes of Hungarian reformers, foreshadowed his loss of power in 1987–1988.³¹ In any event, Kádár, a bit player on the world stage, more than once categorically refused to receive Reagan or travel to the United

States. The stopover in Budapest of the vice-president, George Bush, on 19–20 September 1983, which occasioned stiff Soviet rebukes, only further discouraged him from interfering in the affairs of the superpowers. “The West is bearing down on us”, declared Kádár tersely, adding a stern warning to his domestic critics:

We can't let Hungary become a thoroughfare of Western imperialism. Our representatives must react cautiously and intelligently We shouldn't open all doors and gates to the West; nor should we allow so much as a millimetre's wedge to be driven between us and our allies.³²

In response to Thatcher's overtures, however, the Hungarians went out of their way to appear accommodating. Sustained objections to the Anglo-Hungarian summit by the Soviet foreign minister, Andrei Gromyko, were evaded by the sly response that it was too late to cancel or rearrange such a high-level meeting in view of diplomatic protocol. Although Kádár initially balked at the prospect of a *tête-à-tête* with the British prime minister, he did not wish to harm his meticulously constructed image as a wise and amicable European elder statesman. Eventually, he did not just meet the British guest in private but entered into a relaxed, informal discussion free of posturing and rancour, which lasted for two hours. The congenial atmosphere of the talks was testimony to both Thatcher's efforts to impress and Kádár's single-minded pursuit of a new Western sponsor.

The engagement with Hungary had been planned from autumn 1983. In the course of a two-day seminar at Chequers with a small group of academics and officials, the Cabinet agreed to focus for a while on Eastern Europe, rather than the Soviet Union, in search of “evolutionary gains”. As the prime minister's private secretary for foreign affairs, John Coles, minuted:

Consideration should be given to the possibility of a visit by the Prime Minister to Hungary. High-level contact with Romania had value in helping that country to maintain its comparatively independent stance in international affairs. In the case of Czechoslovakia and East Germany, visits at above the level of a junior Minister would probably be inappropriate.³³

Despite the approving reference to Romania's foreign policy, the sole fixed point in the plan was to explore ties with Hungary; the repressive regime of Nicolae Ceaușescu was no longer deemed a suitable partner. Thatcher had met Ceaușescu three times – in 1975 (Bucharest), 1978

(London), and 1980 (Belgrade) – but when in 1983 she received a letter on his behalf from Robert Maxwell, the future proprietor of the *Daily Mirror*, urging “visits at various levels”, she sent an evasive reply.³⁴ Similarly, a personal plea made to her by the Romanian dictator “to amplify and diversify the relations between Romania and Great Britain” went unheeded.³⁵

Whereas Bucharest had been ruled out, Warsaw was briefly entertained as a possible destination during a review of Thatcher’s travel itinerary. At a chance encounter in St James’s Park with her foreign policy advisor, Percy Cradock, the recently appointed head of the Foreign Office’s Eastern European Department, John Birch, was sounded out about which country she might visit first. “The obvious candidates” that came to mind were Poland or Hungary; but as Poland had been under martial law until the summer, Hungary was the better choice, he informed Cradock. The upshot of this impromptu exchange, conveyed in a letter from Downing Street a few days later, was that she was “minded to visit Hungary”.³⁶ On 4 November 1983, the Hungarian ambassador was urgently summoned to the Foreign Office to hear the “excellent news”, by which time the British government was acting so swiftly that the lethargic bureaucracy in Budapest was positively startled.³⁷ Singled out for British favour, the Hungarians suddenly began to stall, not wanting to seem “overly enthusiastic” before the watchful Soviets.³⁸

In the recollections of Charles Powell, who succeeded Coles as private secretary, there were two distinct “strands” to Thatcher’s strategy towards the communist bloc. The first was to open communications with “the most approachable” Eastern European countries, starting with Hungary; the second was to foster links with “the next generation of Soviet leaders”, such as Gorbachev.³⁹ It is beyond doubt that the two strands, or stages, were complementary. At the outset, though, the long-term benefits of this two-stage strategy were still far from obvious. In fact, British officials did their utmost to dampen or refute press speculation about the wider importance of Thatcher’s interest in Hungary or any of Moscow’s other satellites. When asked about her next step or destination, the prime minister was cryptic. She told the House of Commons on 7 February 1984: “Discussions between East and West to improve general understanding and to secure more results on disarmament will inevitably take a long time. It is clear that we must not relax our vigil in any way”.⁴⁰

The “seven-year gap between visits of British Foreign Secretaries and Soviet Foreign Ministers” was harshly condemned by contemporaries on the British left, notably the leader of the Social Democratic Party, David Owen.⁴¹ In the same vein, Thatcher’s lack of urgency in

finding direct channels of communication with Moscow is interpreted in some secondary sources as a sign of hesitancy, or indeed as an early setback, in British policy towards Eastern Europe. Due to either American misgivings or a dearth of encouragement from the Kremlin, “the evolution of Thatcher’s Soviet policy was reduced to a snail’s pace”.⁴² Yet a rapid follow-up to the negotiations in Hungary was never envisaged. At Chequers, it was decided “to build up contacts slowly over the next few years”, but with “no public announcement of this change of policy”.⁴³ The historical controversy as to whether the trip to Budapest was a “false start”, an isolated “minor triumph”, or a “small opening” obscures the point that the visit was never intended as a major improvement in “the climate of East–West relations”.⁴⁴ The overtures towards Hungary were part of a much wider scheme, which aimed gradually to weaken and break up the Eastern bloc, not revive *détente*. At the seminar in which the new Soviet and Eastern European policy was outlined, it was also proposed that “the main means of influencing developments” in the Soviet Union should be an increase in radio broadcasts and propaganda.⁴⁵ This signalled a return to the information war of the 1950s, rather than to the dialogue of the 1970s. Clearly, the British government was eager to keep a balance between “elements of confrontation and cooperation”.⁴⁶

Undoubtedly, Thatcher’s earliest glimpse of life under communism had a profound effect on her thinking about how to fight Soviet orthodoxy. The cordial negotiations with a maverick regime intrigued and invigorated her but without significantly softening her attitude. Media success and public adulation in an enemy state only added to her “sense of mission”.⁴⁷ They may even have inspired her belief that her “firmest allies were the people of the eastern bloc”.⁴⁸ Above all, however, her favourable first impressions of Hungary’s market-oriented transformation strengthened her pragmatism in dealing with ideologically hostile regimes.

The political theatre of Thatcher parading as a champion of liberty in the Hungarian capital is still remembered by the Tory faithful as a showpiece of British Cold War diplomacy. In commemoration of her foray into Eastern European politics, the Margaret Thatcher Foundation made available a specially commissioned article in 2015, along with a selection of more than 200 historical documents, relating to her Budapest visit.⁴⁹ By contrast, in the scholarly literature, there is a relative paucity of studies about Thatcher’s foreign policy in Central and Eastern Europe.⁵⁰ John Lewis Gaddis, the eminent American historian of the Cold War, named her as one of six key “actors” – or “visionaries” – who widened “the range of historical possibility”; the

Oxford Sovietologist Archie Brown characterised her as a charismatic, “redefining leader” who played a “constructive role in East–West relations”. Nonetheless, many other British academics, nursing “a sense of professional grievance against her”, are loath to give her too much credit for her conduct of international affairs.⁵¹ Thatcher’s endeavour to fashion her own brand of *Ostpolitik* is contentious: either summarily dismissed by Western diplomatic historians or presented as no more than a modest bid to open channels between Washington and Moscow before the October 1986 Reagan–Gorbachev summit in Reykjavík.⁵² In a fuller assessment, her dialogue with the Hungarian government has been depicted as an aborted attempt to broker a superpower agreement.⁵³ Although it is conceded that during her second term in office, “the prime minister was, for a time, able to lay claim to a European leadership role”, her statecraft is often scorned in the light of her subsequent dealings with Moscow.⁵⁴ The treatment of her historical legacy in East–West relations is typically reduced to a critique of her “indulgence of Gorbachev” and her misconceived efforts to stop German unification.⁵⁵ Arguably, however, in 1984, Thatcher did not set out to meddle in the affairs of the superpowers by acting as a self-appointed mediator or Reagan’s messenger to Andropov. Despite being ever mindful of the Soviet nuclear threat, she was looking for an independent British policy in Eastern Europe and her initial focus was not on Moscow.

Deferring all futile exchanges with the Kremlin for the foreseeable future, Thatcher waited for easier partners than Andropov or Konstantin Chernenko, who succeeded him as Soviet leader (1984–1985), for her planned “long haul of patient diplomacy”.⁵⁶ A telling detail is that even after the British “discovery” of Gorbachev, the Hungarian government continued to enjoy “priority in Eastern Europe”.⁵⁷ In Budapest, a succession of Tory Cabinet ministers followed in the prime minister’s footsteps. Ironically, bilateral relations improved during a period when British peace activists were being arrested and expelled from Hungary. The irony was not lost on Thatcher’s domestic opponents. The founder of European Nuclear Disarmament, the left-leaning historian E.P. Thompson, quipped that it was “safer” for the Iron Lady “to go on walkabout in . . . Budapest than in Leeds or Liverpool”.⁵⁸

Admittedly, by the time of Kádár’s return visit on 31 October 1985, Thatcher had less to say to him. The talks in Downing Street were scheduled to last two hours purely to satisfy “Hungarian amour propre”.⁵⁹ Moreover, Kádár, unlike Ceaușescu seven years before, was not invited to an audience with the Queen, as “the sight of him being received in Buckingham

Palace” was held to be too “controversial”.⁶⁰ It appears that once direct links had been established with the Kremlin, the Hungarian leader was no longer sought after as an intermediary. Still, as Powell reminded the prime minister, “The fact of the visit is the story, more than what is said”.⁶¹ In addition, the Anglo-Hungarian negotiations provided an excellent opportunity to re-evaluate “the political and economic strains between the Soviet Union and Eastern Europe and to probe Kádár on Gorbachev”.⁶² In November 1985, on the eve of the Gorbachev–Reagan summit in Geneva, Thatcher wrote to Kádár: “I should like to remain in close touch with you as events unfold”.⁶³

In spite of the improvements in Anglo-Soviet relations, Hungary featured prominently in British plans for Eastern Europe in the second half of the 1980s. Whilst the peaceful heroism of the Polish Solidarity movement appealed to Tory sentiment a great deal more than Hungarian tinkering with state socialism, the transitional regime in Budapest was given British backing as a political imperative, even in the final months of its existence. As Robert Cooper, head of the policy planning staff at the Foreign Office, reassured his Hungarian partners in October 1989 before the first post-communist general election in the spring:

Great Britain does not regard Eastern Europe as a closed bloc of states After the election, in which [Imre] Pozsgay, [Miklós] Németh and [Gyula] Horn are the West’s preferred candidates, the new Hungarian administration can expect a similar level of assistance to the Solidarity government. Countries with central planning have never yet turned into market economies, and the Foreign Office is searching high and low for a positive example. For a variety of reasons, Hungary seems better suited to this role than Poland.⁶⁴

Although the degree of British endorsement of the “preferred candidates” may have been overstated in the Hungarian records, Hungary’s perceived competitive advantage over Poland may not have been quite so overblown.⁶⁵ During his visit to Budapest in June 1988, David Mellor, a minister of state responsible for Eastern European affairs, still described Hungary as Britain’s “most important partner” in the region after the Soviet Union.⁶⁶ There is no doubt that British officials supported Hungary’s liberalisation and democratisation, but within the existing political framework. Howe reappraised Hungary as “a model for Eastern Europe” at a time when oppressive neo-Stalinist regimes prevailed regionally. As late as 1987–1988, he was adamant that Britain had a “vested interest in the success of Hungarian reform”.⁶⁷ Despite her scepticism

about the malleability of communism, the prime minister echoed Howe's opinions. Occasionally, she went a step further. For instance, she revealed to Kádár that she considered the continued division of Europe until the next millennium to be an absolute certainty as well as a necessity.⁶⁸

In 2013, a former Hungarian foreign minister, the diplomatic historian Géza Jeszenszky, eulogised Thatcher "for what she had done for the liberation of Hungary and of the whole area of Central Europe".⁶⁹ The extent to which the "Iron Lady" can be seen as an agent of change in Eastern Europe is a moot point. It could be argued that the most remarkable attributes of her involvement with Hungarian affairs were her flexibility and willingness to pursue a moderate strategy, which do not fit at all with her image as an uncompromising conviction politician. As her official biographer explains, "Gradually, the idea grew in her mind that not all Communists were necessarily alike".⁷⁰ Ultimately, she was ready to back a semi-authoritarian regime that was bankrupt, morally and literally, and to help sustain it in the face of growing democratic opposition. Her concern for Western European security and prosperity overshadowed her "moral outrage" that was, in the eyes of her Conservative supporters, "the mainspring" of her opposition to communism and an essential part of her political make-up.⁷¹

The opening towards Hungary was intrinsic to the British strategy of encouraging "creative ferment in Eastern Europe" and "gradual evolution, not revolution, away from the Soviet pattern".⁷² With more sober calculation than "missionary zeal", the Conservative government set out to inspire "a quiet, long term challenge to the dominance of the Communist Party" in Warsaw Pact countries.⁷³ In the absence of powerful opposition forces, with the notable exception of Solidarity in Poland, this peaceful change was expected to come from within the ruling elites, principally from the bloated state and party apparatus. One of the main aims of this carefully calibrated policy was to induce Eastern European leaders "to think and act for themselves" without provoking Soviet repression, political chaos, and revolutionary turbulence in the region.⁷⁴

This was a far cry from Tory rhetoric about fighting "the murderous nonsense of Communism".⁷⁵ In his recent memoirs, the Thatcherite stalwart William Waldegrave declared vauntingly, "Alone in Britain, the Conservatives were wholly sound in their opposition to the desperately dangerous late Soviet Empire".⁷⁶ He credited Thatcher with a major contribution to the diplomatic endgame of the Cold War between 1988 and 1990. In his triumphalist words, "It

was a glorious time”, when “Britain played a leading and honourable part in titanic events”.⁷⁷ He reminisced especially fondly about his days as a minister of state at the Foreign Office: “Wherever one went as a Minister of Mrs Thatcher’s Government, recognised as uncompromising about freedom, but nonetheless influential with Gorbachev as well as the Americans, one was welcomed by the heroes who won back the freedom of central Europe”.⁷⁸ Revelling in his recollections of having tea with the Solidarity leader, Lech Wałęsa, or being consulted by the Czechoslovak president, Václav Havel, about the choice of new uniforms for the presidential guards in Prague Castle, Waldegrave painted erstwhile dissidents, such as the Czech premier, Václav Klaus, as “more Thatcherite than Thatcher”.⁷⁹ Yet this anti-communist hero worship scarcely does justice to British involvement in Eastern Europe during the final decade of the Cold War.

The case of Hungary perfectly illustrates the point that British prestige in post-communist countries did not necessarily stem from promoting or rewarding dissent. Characteristically, Waldegrave lauded Miklós Németh, the last prime minister of socialist Hungary, as a friend, “in his modest way one of the key heroes”.⁸⁰ According to a memorandum written in 1990 by Birch in his capacity as British ambassador to Hungary (1989–1995), Thatcher also “seemed to have taken something of a shine to Németh”.⁸¹ More to the point, she positively welcomed the fact that systemic change in Budapest was driven by communist reformers and not by people on the street. She urged the democratic opposition “to behave responsibly”, warning them against any “auction of promises”.⁸²

The astonishing transformation of “the militantly anti-Socialist Thatcher, Britain’s Conservative prime minister, into the strongest supporter” of Gorbachev, has been convincingly documented by Archie Brown.⁸³ Arguably, however, the Soviet leader was neither the first “system moderniser” targeted by Britain nor the first prominent communist with whom Thatcher managed “to do business”.⁸⁴ The British government had already adopted a comparatively friendly stance in dealing with senior Hungarian party officials long before the “change to engagement” in Britain’s Cold War policy.⁸⁵ By autumn 1990, Thatcher still struggled to comprehend why and how the communists had lost power in Hungary during the spring. Although she lent her full support to the right-wing government of József Antall, she found the new premier “dry and lengthy” in comparison with his socialist predecessor.⁸⁶ Whilst she “nailed

the Tory colours firmly to the [Hungarian] Democratic Forum mast”, she could hardly pretend that she had been working for this outcome all along.⁸⁷

In spite of “her intellectual curiosity” that “led her in some unforeseen directions”, Thatcher’s foreign policy towards Eastern Europe followed traditional lines.⁸⁸ Her realism in opting for a “‘twin-track’ policy of military strength coupled with the pursuit of accommodation” was based on the received wisdom at the Foreign Office.⁸⁹ Her readiness to advance British business interests was not a personal impulse either. It has been claimed that “a different individual faced with the same situations that confronted Thatcher would have made different choices”, but the extent to which her personality shaped British foreign policy towards Warsaw Pact states is open to question.⁹⁰ Whitehall’s priority from the mid-1980s was to secure an orderly transition, one way or another, without upsetting the *status quo*. It is not surprising, therefore, that historians have been “struck by the elements of consistency in the British approach to East–West relations from the mid-1970s to the end of the 1980s”.⁹¹ Albeit British activity intensified between 1983 and 1990, the limited objectives stayed the same. For all her “pragmatic opportunism”, the prime minister remained committed to a smooth adjustment and a slow evolution, discouraging radicalism and on occasion even wishing to stop the clock.⁹² As late as March 1989, in a discussion with Gorbachev, she cited Hungary as “a showcase of socialist transformation”, scrupulously avoiding any mention of the loaded term “democratisation”. She went so far as to describe the Hungarian political reforms as a local variant of “*perestroika*”, in a bid to make them more palatable to the Soviets.⁹³

By the time the communist regimes started to collapse in Central Europe, the contradictions in the style and substance of Thatcher’s diplomacy were exposed. Nevertheless, the gradualist strategy she had been so actively pursuing was not at odds with guidelines issued by the Foreign Office. From 1985, officials there were advocating “maximum engagement”, and not only with Hungary and Poland, but with the whole region. Birch, then heading the new Eastern European Department, argued for a steady rise in British influence through a policy of “stealth”. He candidly stated that this involved cultivating uncomfortably close relations with various regimes of ill repute at the substantial price of legitimising them in the short run, as he resolved the troubling moral dilemma: “We cannot condemn ordinary people in Eastern Europe to isolation from the West simply because they have nasty rulers”.⁹⁴

Thinking along similar lines, Thatcher embarked on her Eastern European diplomacy in 1984 by calling on Kádár, a dyed-in-the-wool communist, burdened with memories of “murder and treachery”. The former dictator, who reportedly “rambled a great deal and smoked at a rate of six cigarettes an hour”, had been “an international leper” in the aftermath of the 1956 Hungarian revolution.⁹⁵ He suffered from a guilt complex to the end of his long career. For British observers, deep-seated reservations about the chequered past of an ageing satrap of the Soviet empire were, however, more than offset by his perceived “ability to handle the Russians”, his reputedly “unshakeable grasp of reality”, and his unique track record of giving “communism in [a] small country something close to an acceptable face”. Notwithstanding its obvious limitations, the Hungarian brand of “pragmatic national communism” was judged to be a viable, comparatively benign alternative to the neo-Stalinist model prevailing in the Eastern bloc.⁹⁶

Accordingly, Thatcher’s initial meeting with the first secretary of the Hungarian Socialist Workers’ Party was not merely an attempt to open secret channels of communication with the Soviets, as British journalists widely assumed at the time. More than ready to tap into the canny old Bolshevik’s intimate knowledge of the Kremlin’s ways, the prime minister nonetheless refrained from treating the “undisputed master of Hungary” as a diplomatic courier.⁹⁷ She entered into negotiations expressly “to give the Hungarians discreet encouragement, both in their economic reforms and in developing their contacts with the West”.⁹⁸ The thinly disguised subversive motive behind this approach was to promote diversity and nonconformity within the Warsaw Pact by loosening Hungary’s economic ties with Moscow. The Hungarians clearly anticipated the destabilising impact of Thatcher’s diplomacy in the short term, but viewed the threat as “negligible”.⁹⁹ The potential risks for Hungary were massively outweighed by the likely benefits of an unprecedented level of British interest in the country’s affairs.

By contrast, for Britain there were few incentives to be had in courting a poor member-state of a hostile military alliance. The exploratory talks offered no real easing of international tensions in the midst of the Soviet–American confrontation over nuclear missiles. Yet the prime minister’s lively political discourse with Kádár had some immediate effect, not least on neighbouring states. Whereas the reactions from Poland and East Germany were not unfavourable, the strongly worded protests from Czechoslovakia showed that the policy of diversification and differentiation was already serving to weaken solidarity amongst the Soviet client states. Two dailies of the Czechoslovak Communist Party, *Rudé Právo* and *Pravda*,

published belligerent editorials questioning the importance and usefulness of the Thatcher–Kádár summit. These, in turn, provoked bad-tempered exchanges between the foreign ministries in Budapest and Prague.¹⁰⁰

The Anglo-Hungarian rapprochement signalled a new, active phase in British *Ostpolitik*, characterised by an increased diplomatic presence, a distinction between inveterate enemies and lesser foes, a search for investment opportunities, and an explicit use of financial resources for political ends. By the mid-1980s, Britain began to regain some long-lost economic, cultural, and political leverage in Eastern Europe, facing down French competition and, belatedly, responding to the growth of West German influence. Concerns about German industrial advantage and political muscle in Central Europe added a particular impetus to the competitive urges of British foreign policy. In recognition, Kádár played on Thatcher’s fears and anti-German sentiments with consummate skill, hoping to capitalise on the Western European race for emerging markets. He went out of his way to convince his English guest of the complete “openness” of the Hungarian economy, whilst pointedly remarking that he did not wish the country’s foreign trade to be “monopolised by . . . the Federal Republic of Germany”.¹⁰¹

There was a degree of wishful thinking in all of this. The British government had neither the requisite resources nor the resolve to counterbalance the ongoing expansion of West Germany’s trade, still less to take the economic lead in this part of the world. Britain and Hungary were equally anxious to expand trade, but “they both wished to sell”.¹⁰² Nevertheless, the Tory prime minister “put down a marker” in economic, as well as political and cultural, relations with Hungary. As Peter Unwin, the British ambassador in Budapest (1983–1986), summed up:

The visit was a successful exercise in positive discrimination at the highest level. We must put time, effort and money into the follow-up. For historical, geographical and political reasons, we have tended to be on the outside track among major Western countries here. The visit has given us a chance to get nearer to the inside track.¹⁰³

The fact that Thatcher was hosted in Budapest ahead of Helmut Kohl, the West German chancellor, and Bettino Craxi, the Italian premier, and eight months before Kádár journeyed to Paris to see the French president, François Mitterrand, was suggestive of Britain’s growing appeal in Eastern Europe as a leading European Power and a key ally of the United States. The 64-hour visit, including more than five hours of intensive talks, left a profound impression on

Hungarian government officials, political dissidents, and the public alike. Paradoxically, the Hungarian administration and its opponents each regarded the presence of the British prime minister in Budapest as beneficial to their respective causes.

At the “Britain Salutes Hungary” reception in the Barbican, London, on 25 April 1989, Thatcher reflected on her visit to the Hungarian capital five years earlier:

There are several reasons why I want to support Hungary very much and to come here this evening to demonstrate it When I went there and had a fascinating visit in 1984, I did not know what to expect. First I found a Parliament building which was then not exactly used for a Parliament but I hope it will be Second, when I went around, as I usually do, among the people I went into a massive market, a real market where people brought all of their things to exchange and I thought immediately there are people here who know what the market is I thought there is the basis here of a market economy. I was practically mobbed and I must tell you, everyone knew my name. I was so sorry they did not all have a vote.¹⁰⁴

Whether the prime minister ventured into Eastern Europe “partly because she enjoyed preaching the superior virtues of capitalism and being received by ordinary people either as a liberator or sage”, she certainly caused a sensation in Budapest.¹⁰⁵ Meanwhile, in the Western world, Britain appeared in a favourable light, both as a protagonist of non-confrontation and as an “autonomous international actor”.¹⁰⁶ An editorial in *The Times*, “True Blue on the Danube”, acknowledged that Hungary was “the natural choice” for starting a “sensible dialogue” with Eastern bloc states, whilst warning the reader that the country’s “seemingly independent policies at home and abroad could cease tomorrow at a frown from the Kremlin”.¹⁰⁷

On her return to Britain, Thatcher penned “a personal word” to Reagan to explain why she “thought it right to take the first, small step of a visit to Hungary”.¹⁰⁸ She was not seeking approval as such, but she clearly sought to reassure the president:

I made it plain to all . . . that I stood for Western values of freedom, justice and political democracy and would defend and advocate them anywhere. By emphasising Britain’s loyalty to and solidarity with NATO [the North Atlantic Treaty Organisation] I signalled that the usual Soviet bloc attempts at wedge-driving would not work. My main message was that, although I could speak for no-one except Britain, the West in general and you

personally were absolutely sincere in their desire to achieve arms reductions and security at a lower level of weaponry.¹⁰⁹

The real purpose of writing to the president was, however, to convey her immediate sense of “the ingenuity and determination” with which the Hungarians were pursuing their economic reforms and dispel any lingering illusions that might be harboured by the United States Administration about inducing sweeping political changes behind the Iron Curtain in the short or medium term. As she stressed to Reagan, “We are in the business of coexistence with the East for as far ahead as I feel able to look; and this will mean dialogue on a broader front than arms control alone”.¹¹⁰ Thereby, indirectly, Thatcher also served notice of her government’s readiness to approach Moscow in the future and forge closer links with Eastern Europe. Harking back to the early days of the Cold War, she was plainly keen to defy the realities of a bipolar world by playing an active and constructive diplomatic role in pursuit of shared NATO objectives and specific British aims.

The Kádár regime, an outwardly obedient but unconventional client of Moscow, was a perfect soft target for British diplomacy in Eastern Europe. In 1982, the country had been earmarked by the Foreign Office “for positive discrimination” and “special treatment on account of her relatively free liberal economic and social policies”.¹¹¹ Bryan Cartledge, the British ambassador in Budapest (1980–1983), pointed out that Britain had “both a political and a commercial stake in the success of Hungary’s economic reform”.¹¹² Unwin, his successor, was less sanguine about the Kádár regime’s domestic “achievements”, concluding that Hungary was not “a particularly durable or stable place”, its social consensus being built on “gross hypocrisy”. Still, he was confident that the policy of making Hungary “a more organic place, proud of its national identity and resistant to anything which absorbed it into a communist monolith” was bearing fruit. He reported to the foreign secretary:

I believe that the policy is paying off. The West, and Britain in particular, has an influence in Hungary unimaginable in the old days. How can we take this process further? Your recent despatch on British policy towards Eastern Europe provides valuable guidelines. You describe our objectives in this part of the world as being to weaken Soviet control over its satellites by supporting a policy of evolutionary change. This is what we are doing in Hungary; and already there are faint, pale signs of a revival of indigenous political life.¹¹³

Before leaving Hungary in 1986, Unwin gained the impression that Kádár's unfinished "masterpiece" – his work in constructing "a tentative sort of national unity" and "communism with a reasonably human face" – might not outlive its creator.¹¹⁴ In one of his later despatches, the ambassador hazarded the prediction that the demise of communism in Hungary might not be too far away.¹¹⁵ His superiors did not share his optimism. Nevertheless, it was generally accepted in Whitehall that the moderate success of "creeping capitalism" in Hungary yielded a distinctive transitional pattern.¹¹⁶ The combination of the slow pace and careful nature of the Hungarian reforms was in line with British priorities as it minimised the risk of a violent backlash.

The hybrid political and economic system of Hungary, dubbed "elastic socialism" by cynical communist officials, was a world apart from Thatcherite ideals.¹¹⁷ Having no "major organised movement of dissent", the country was only at the "half-way stage" in reaching even Yugoslav levels of "democracy".¹¹⁸ Authoritarian traits were not much in evidence, but the system was correctly identified by British analysts as one of "repressive tolerance" rather than liberalism.¹¹⁹ It is little wonder that the prime minister was initially reluctant to set foot on Hungarian soil despite the repeated urging of her advisors.¹²⁰ When Cartledge, as her former private secretary for foreign affairs, had expressed a preference for a diplomatic posting to Hungary, Thatcher retorted, "Hungary? How boring!"¹²¹ Unsurprisingly, the new British ambassador found it difficult for a while to stir the prime minister's interest in anything Hungarian. Matters were not helped by the looming visit to London of the charmless hard-line foreign minister, Frigyes Puja, an event that threatened to put her off ever going to Budapest.¹²² As it transpired, the meeting with Puja in 1982 was cancelled at the very last minute because of the sudden disappearance of the prime minister's son, Mark, in Africa. To add insult to injury, the Hungarian guest became stuck for 40 minutes in a broken-down lift at the "Ambassador's Entrance" of the Foreign Office.¹²³

The following year, an entirely different Hungarian visitor called at Number 10: the "inimitable" deputy prime minister, József Marjai, who successfully piqued the Conservative leader's curiosity about Hungary's "socialist market economy".¹²⁴ The head-to-head with the "sophisticated" and "forthcoming" ex-diplomat had been contrived by Cartledge with the undisguised aim of overcoming Thatcher's disinterest in Hungary.¹²⁵ The deputy prime minister's idiosyncratic style and conversation went a long way towards convincing her that a trip to Budapest could be "an unexpectedly interesting and stimulating experience".¹²⁶ Marjai

took great care to massage Thatcher's ego, harping on her immense popularity in Hungary. More importantly, he cleverly tailored his observations on Hungarian management practices to his devoutly Tory audience:

The Government did not wish to manage and organise the economy. The intention was to work through economic means. The Prime Minister asked whether this was a reference to economic incentives. Mr. Marjai said that it was. Profit must be the incentive. It was not for the Government to hand out money. The Government did not have money. The Prime Minister commented that these remarks could have been made in one of her own speeches.¹²⁷

Marjai did not shy away from indulging her intellectual inquisitiveness or her "self-regard".¹²⁸ In later years, Kádár employed a similar tack, applauding her forthrightness and showering her with compliments.¹²⁹ Rezső Bányász, the Hungarian ambassador in London (1981–1984), relayed to the British government Kádár's fulsome praise of Thatcher after his first meeting with her:

Kádár, used to conventional exchanges with foreign leaders, had been "disarmed" by the Prime Minister's manner and had commented on the high quality and range of their talks. He had remarked that the Prime Minister was a sincere person who had not sought to bully him with her ideas. Elsewhere she had made an enormous impression by her vitality and informality. That type of politician was unknown in Eastern Europe.¹³⁰

Whether or not she was susceptible to such blatant flattery, Thatcher was fascinated by her two encounters with Kádár. During his visit to London, she claimed that he "had done wonders with Hungary", adding for good measure: "We shall be interested to see to what extent your pioneering course is treated as a model by others".¹³¹ In 1988, when the Hungarian leader was stabbed in the back by "Brutuses" after 32 years in power,¹³² Kádár received a personal letter from Thatcher in which she wrote:

As you lay down the day-to-day burden of office, I would not like this moment to pass without paying a personal tribute to your achievements. I recall with particular pleasure my visit to Hungary and your visit to here and the conversations which we had. I believe they played an important part in the current improvement in East/West relations.¹³³

Her warm tribute to a one-time dictator, which was evidently not cleared with the Foreign Office, went far beyond what was required by protocol. Kádár, in response, waxed lyrical about the "deep and lasting impressions" he held of their two meetings.¹³⁴

Personal niceties aside, by the mid-1980s, the prime minister was quietly endorsing the Hungarian example of systemic modernisation in state socialism. Her endorsement so alarmed the Soviets that a senior analyst in Moscow branded Hungary's economic policies as "socialist Thatcherism".¹³⁵ Whilst this label grossly exaggerated the Iron Lady's influence, the hybrid Hungarian model did appeal to a cross-section of British politicians irrespective of their stance on socialism or Thatcherism. Having visited Budapest in 1986, Labour's shadow foreign secretary, Denis Healey, thought, "in Hungary the freedom of expression was total" notwithstanding the curtailment of other political liberties.¹³⁶ Subjected to character assassination by the Stalinist regime in 1950, Healey came to voice his admiration for Hungary by the 1980s.¹³⁷ The country's relations with Austria were becoming "so close", he mused, "that one felt the Empress Maria Theresa was once more on her throne".¹³⁸ Breaking with partisan tradition, the shadow foreign secretary was not afraid to acknowledge Tory efforts in Eastern Europe. He admitted to Mátyás Domokos, the Hungarian ambassador in London (1984–1989), that in all likelihood his party would not have developed such friendly ties with any communist country.¹³⁹ This point was not lost on the Hungarians, who consistently preferred to deal with Thatcher and the Conservatives. They found the prime minister "brilliant", if ideologically offensive.¹⁴⁰ Accordingly, the Foreign Ministry in Budapest paid little heed to Neil Kinnock's assertion that under his leadership a Labour government would have further improved relations with Hungary.¹⁴¹ The Kádár regime cultivated fraternal links with Labour but, in Domokos's words, relations between the two socialist parties were kept "deliberately rather undemonstrative".¹⁴²

At the opposite end of the political spectrum, the Tory MP Robert Adley commended Hungary for another reason entirely. In his capacity as chair of the British–Hungarian Parliamentary Group, he put it to Thatcher that "in many ways Hungary was less 'socialist' than Britain".¹⁴³ An ardent defender of this "fiercely proud nation", he had been urging the prime minister to take up the Hungarian invitation to visit Budapest since 1981.¹⁴⁴ In strict confidence, he had also passed on her encouraging written response to Bányász, the then Hungarian ambassador.¹⁴⁵ Meanwhile, Lord Shackleton, the chairman of the East European Trade Council, extolled Hungary for going "as far as practicable in ameliorating the worst aspects of a communist regime", repeating to Thatcher the words of a former deputy prime minister of Hungary: "we are, of course, not Marxists, but Keynesian[s]".¹⁴⁶ A throwaway remark perhaps

only recorded for posterity in London because of its mild amusement value, any such instance of individuality and candour added to Hungary's nonconformist credentials. As the departing British ambassador encapsulated in his valedictory despatch on 20 May 1983, Hungary had become "a distinctly different communist country", which had "made reasonably good progress" without crossing the "socialist Rubicon". He observed presciently: "But the deep aspiration of most Hungarians to see, or for their grandchildren to see, their country achieve a situation similar to that of Austria is legitimate and not necessarily fanciful".¹⁴⁷ Heartened by optimistic assessments of this kind, Thatcher, "a hero of dissidents from the Baltic states to Romania", found no difficulty in backing a communist experiment.¹⁴⁸ She "got on like a house on fire" with senior Hungarian officials such as Marjai long before she built a rapport with Gorbachev.¹⁴⁹

It is suggested here that preserving a relatively stable, moderately versatile, outwardly prosperous Hungary was central to British planning for a gradual, peaceful transformation of Eastern Europe. In Hungary, unlike in Poland, the Iron Lady helped to reinforce a socialist regime, extending credit facilities and political favours throughout the 1980s. Her support for Hungary did not diminish her preoccupation with the idea of "beating the Soviets on the battlefield of ideas", but it clearly demonstrated her capacity for pragmatism in the conduct of foreign affairs.¹⁵⁰ In one critic's judgement, Thatcher was frequently "more pragmatic in foreign affairs than she let on" and "generally fared better when she adopted that approach".¹⁵¹ For all her legendary hostility to the left, she had no qualms about promoting a social democratic route for political transition in as much as it promised an orderly path to democracy. As Brown documented, her decision "to engage more actively with Communist leaders" was not irreconcilable with her radical right-wing predilections:

Even before Gorbachev came on the scene, Thatcher was already seriously interested in replacing Communism in Eastern Europe with democracy, though she hardly expected events to move as fast as they did. Her political instincts did not readily lead her to contemplate the possibility that transformative change could be initiated from within the upper echelons of the Communist Party apparatus. However, it is commendable that, rather than rely just on those political instincts, she devoted as much time as she did to reassessing developments in the Soviet Union and Eastern Europe and consulting specialists outside as well as inside government.¹⁵²

The extent to which British diplomatic overtures towards Eastern Europe followed the recommendations of academic experts, the advice of civil servants, or Thatcher's own political instincts is unclear. As one "occasional advisor", George Urban, bemoaned, there is barely any mention in her memoirs of "the extramural assistance she often invited from and was liberally given by academic supporters".¹⁵³ The Hungarian-born journalist had good reason to feel affronted; along with the historians Hugh Seton-Watson and Dominic Lieven, he had undertaken "'small' assignments" to prepare the prime minister for her first visit to Eastern Europe.¹⁵⁴ Yet there can be no doubt that the decision to "single out Hungary for special treatment" was ultimately inspired not by sympathetic scholars, Conservative think tanks, or crusading journalists of the right, but by a steady stream of favourable diplomatic reports from Budapest.¹⁵⁵

Successive ambassadors hammered home the tangible political benefits and economic advantages that Hungary boasted in comparison with its "less provident East European neighbours".¹⁵⁶ In response, the Tory government helped to buttress Hungary's financial position in the country's hour of need and was instrumental in Hungary becoming the first Eastern bloc member of the International Monetary Fund in May 1982 and the World Bank two months later. To avoid the "apocalypse", a short-term international credit facility of US\$100 million, partly guaranteed by the Bank of England, was offered to Hungary in spring 1982.¹⁵⁷ For a brief while, a British government guarantee was even considered. One way or another, one-fifth of the whole sum was secured by the British taxpayer. This level of commitment to an enemy state was without precedent; it also represented a break with British banking tradition.

The prioritisation of Kádár's regime in the early 1980s was out of all proportion to the country's size, strength, or strategic importance. The last major British involvement with Hungarian finances was in the 1920s as part of a League of Nations reconstruction plan. Britain's interest in Hungary has often coincided with wars and economic instability. It is no accident that Thatcher's diplomatic initiative was conceived in the midst of the Euromissile crisis. It was a perilous moment, when Gorbachev was still "only a speck on the Horizon".¹⁵⁸

During a lively debate at the House of Lords in April 1985, a former British ambassador to Hungary, Lord Moran, issued an impassioned plea to the government not to "get too cosy" with communist regimes. Alarmed by seeing "unreasonable euphoria" about Gorbachev, he cautioned against further official British engagement with Eastern Europe, fearing that it might "discourage

the courageous dissidents”.¹⁵⁹ With regard to Hungary, Lord Moran’s was a rather exaggerated anxiety, as the Thatcher visit did not dishearten dissidents; it merely emboldened them. Consequently, the Tory leader entered into Hungarian political folklore as one of the country’s “liberators”. To those who presided over the dismantling of the one-party state, she became “something of a celebrity, perhaps even a heroine”.¹⁶⁰ Several of the accidental heroes of 1989, notably the prime minister and the foreign minister of the first post-communist administration, expressed deep admiration for Thatcher.¹⁶¹ All the same, in the aftermath of her visit to Budapest in 1984, the British government’s relations with the Hungarian communist regime did become implausibly amicable, whilst stopping short of being “cosy”.

When Thatcher returned to Budapest in 1990, she found an entirely different political landscape. She had to admit that her policy on Eastern Europe had been “optimistic but not nearly optimistic enough!” She toasted the newly elected prime minister of the Hungarian Democratic Forum by listing the achievements of his socialist forebears:

Hungary has been in the front rank of the changes which have taken place. You started on economic reform well ahead of others in Central and Eastern Europe. It was Hungary’s decision to open its borders to allow East Germans to go freely to the West which started the train of events leading to the demolition of the Berlin Wall and with the GDR [East Germany], you held the first fully democratic elections in Central and Eastern Europe for over forty years and elected a Conservative Prime Minister. Once again, Hungary showed the right way!¹⁶²

Inevitably, Thatcher was not averse to claiming some of the credit for this Conservative turn in Hungary:

Britain had a hand in these changes too. In the dark days of the Cold War, we took the decision to encourage and sustain the East European countries which wanted change and it was naturally to Hungary that we turned first with my visit in 1984 We also understood the need to move cautiously and not say things publicly which would only be counter-productive and raise suspicions about the dialogue we were seeking, but we thought that if Britain and Hungary could forge a new climate between them, then it would be a model for others and would help them enlarge their freedom and their independence.¹⁶³

In this supposed attempt to “forge a new climate”, each side arguably exhibited plenty of pragmatism. Agreeing to disagree on most substantive things at the outset, they nevertheless maintained a cordial dialogue, apparently sweeping under the carpet their ideological differences, not to mention their disputes in the field of international relations and global security. Of course, much of this was a *façade*. Thatcher’s charm offensive in Hungary was attended by an anti-communist propaganda campaign, whilst the Kádár regime’s friendly opening to Britain was offset by intensified espionage activity in London, heightened surveillance of the British Embassy in Budapest, and a clampdown on the Anglophile opposition in Hungary. Yet these contradictions were less visible or disturbing in the British case, as the loathing of totalitarian regimes and the personal commitment to fighting communism on the part of the fabled “Iron Lady” could never be called into question. On balance, the British contribution to averting economic disaster in Hungary in 1982, and the subsequent diplomatic overtures, only increased the longevity and “elasticity” of the beleaguered Kádár regime, which muddled through the 1980s with growing reliance on Western, including British, financial assistance.

Thatcher’s triumphant visit was, in itself, a sign of far-reaching changes in the political environment during the latter phases of the Cold War. Her two meetings with Kádár in 1984 and 1985 signalled a shift in British policy, not just in bilateral relations with Hungary, but in the wider regional and European context. Plainly, one of Thatcher’s aims was to explore indirect channels of communication with the Kremlin. At the same time, the Tory government was acutely aware of the diplomatic initiatives of Western European economic rivals, in particular West Germany’s *Ostpolitik*. That said, Thatcher’s interest in the Kádár regime, at least until Gorbachev commanded her attention, was prompted as much by Hungarian as by international developments. The process of “creative ferment” planned for Eastern Europe by the Foreign Office was already at work in Hungary, as evidenced by ongoing economic liberalisation, the regeneration of civil society, and, most gratifyingly, by a rise in British prestige and cultural influence.¹⁶⁴ Indeed, the subversive impact and “soft power” of Britain were brought to the notice of the communist security services, partly explaining their dogged determination to confine the British Council’s activities in Budapest to the closely monitored Embassy building, a restrictive measure adopted until the very end of the Cold War. This was a striking anomaly in view of the privileged treatment of the Kádár regime in London.

Thatcher's Eastern European diplomacy and its legacy are by no means the most controversial aspects of her premiership. Even so, some critics have derided the hostile stance she took on German unification and the perceived way in which she "liked to present herself as a latter-day Churchill, brokering high-level conversations between Washington and Moscow".¹⁶⁵ In any event, she is generally credited with at least a modest enhancement of Britain's influence in global affairs. Whether she was a "liberator" of countries such as Hungary is, however, a different matter altogether. The Conservative government by the second half of the 1980s, although consistently backing the steady process of democratisation, refrained from urging any dramatic acceleration of the political changes in either Hungary or Poland, fearing a backlash from Moscow. Undoubtedly, this cautious approach was shared by Britain's European allies and, to a lesser extent, by the Americans.¹⁶⁶ Still, Thatcher's pragmatism in foreign policy was in stark contrast with the uncompromising persona she projected. Both British and Hungarian documents bear out the huge disparity between her public image and the substance of British diplomacy. It has been argued here that there was a yawning gap between rhetoric and reality when it came to Anglo-Hungarian relations. For all Thatcher's core beliefs and ideological posturing, her successive governments were ready to engage with Kádár's Hungary, so conferring a level of credibility on his communist regime – not an entirely comfortable outcome from a British perspective. "Inevitable ambiguities" of this kind were inherent in Britain's whole strategy towards Eastern Europe; they were almost certainly magnified because of Thatcher's involvement.¹⁶⁷

As unlikely as it was, the dedicated search for an acceptable "socialist" alternative to the rigid Soviet model was partly sponsored by a Tory prime minister famed for her visceral "*hatred* of socialism" and her "unflinching willingness to express that hatred in the clearest imaginable terms".¹⁶⁸ Gorbachev's advisor Anatoly Chernyaev suspected that she cultivated unorthodox communist leaders in the hope that they would "bring about 'the self-liquidation' of a political and social order that was alien to human nature".¹⁶⁹ Yet Thatcher's foreign policy towards Hungary belied her "stark, black-and-white worldviews", evincing flexibility and complexity.¹⁷⁰ Considering that her attitude to the East is portrayed in the historiography as "essentially wary and sceptical", she was in fact remarkably open to advice from experts and persuasion by diplomats on the ground. Unafraid to make "a political spectacle out of a trend of official

thinking”, she also allowed herself to be affected by strong personal impressions.¹⁷¹ The manifestations of sympathy and gratitude with which she was *fêted* by Hungarian communist dignitaries arguably appealed to her vanity no less than the enthusiasm of the crowds whom she remembered meeting at the Great Market Hall in Budapest.¹⁷²

More importantly, the visit to Hungary convinced her of the wisdom of the gradualist strategy advocated by the Foreign Office. As late as March 1989, she told the Hungarian foreign minister, Péter Várkonyi, in London that she regarded Hungary as “a good case” of what was possible by way of “socialist renewal” and indicated that it was having a salutary effect on Gorbachev’s thinking.¹⁷³ Hungarian officials, in return, repeatedly commended Thatcher’s diplomacy for furthering the country’s European aspirations and for alleviating Soviet fears, so rendering domestic political changes irreversible. Domokos, in his annual report of 1989, made special mention of her part in improving relations between Britain and Hungary:

The last five years have witnessed the most dynamic development in Anglo-Hungarian relations since the Second World War. Apart from objective factors [such as the political and economic rivalry between the major Western European states] this has been largely due to subjective reasons, namely Mrs Thatcher’s personal interest in Hungary and the Hungarian reforms.¹⁷⁴

Despite her commitment to rolling back the frontiers of socialism both at home and abroad, Thatcher championed a long transition and a slow evolution for the European satellite states. She sought to ferment change, not to foment revolution, in them. The prime minister had assimilated Foreign Office guidance promulgated since the 1960s that “a gentler, more enlightened form of authoritarian rule” was preferable to an “uncontrolled” popular uprising.¹⁷⁵ Moreover, she had taken the view that Britain, in dealing with Central and Eastern Europe, could “afford to adopt a stance independent of its partners and allies”.¹⁷⁶ Thatcher’s unassailable anti-communist reputation preceded her but, in the eyes of the socialist reformers behind the Iron Curtain, it only added to her authenticity as a leading representative of the West. In Hungary, she fostered closer ties with a transitional communist regime, without losing face or deterring the democratic forces waiting in the wings.

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¹ Michael Clarke, “The Soviet Union and Eastern Europe”, in Peter Byrd, ed., *British Foreign Policy under Thatcher* (Oxford, NY, 1988), 54–76; Nicholas J. Wheeler, “Perceptions of the Soviet Threat”, in Stuart Croft, ed., *British Security Policy: The Thatcher Years and the End of the Cold War* (London, 1991), 161–78; Sean Greenwood, “Helping to Open the Door? Britain in the Last Decade of the Cold War”, in Olav Njølstad, ed., *The Last Decade of the Cold War: From Conflict Escalation to Conflict Transformation* (London, NY, 2004), 265–76.

² Archie Brown, “The Change to Engagement in Britain’s Cold War Policy: The Origins of the Thatcher–Gorbachev Relationship”, *Journal of Cold War Studies*, 10/3(2008), 3–47; idem., “Margaret Thatcher and Perceptions of Change in the Soviet Union”, *Zeitschrift für Geschichte der Europäischen Integration*, 16/1(2010), 17–31; Chi-kwan Mark, “To ‘Educate’ Deng Xiaoping in Capitalism: Thatcher’s Visit to China and the Future of Hong Kong in 1982”, *Cold War History*, 17/2(2017), 161–80.

³ Charles Moore, *Margaret Thatcher: The Authorized Biography, Volume II: Everything She Wants* (London, 2015), 226.

⁴ Lajos Arday, “Great Britain’s Policies in Eastern Europe”, *Angol Filológiai Tanulmányok*, 20 (1989), 31.

⁵ Clarke, “Soviet Union”, 57, 66.

⁶ Arday, “Great Britain’s Policies”, 32.

⁷ Hugo Young, *One of Us: A Biography of Margaret Thatcher* (London, 1989), 390.

⁸ Brian White, *Britain, Détente and Changing East–West Relations* (London, 1992), 156.

⁹ Cartledge to Carrington, 23 September 1980, FCO [Foreign and Commonwealth Office Records, The National Archives, Kew] 28/4126.

¹⁰ Unwin [Budapest] telegram, 6 February 1984, PREM [Prime Minister’s Office Records, The National Archives, Kew] 19/1534.

¹¹ “A Visit to Budapest, 2–4 February 1984”, Margaret Thatcher Foundation: <https://www.margaretthatcher.org/archive/1984hungary.asp>.

¹² Memorandum by Mrs László Ábry of a meeting in Budapest between Rifkind and the Hungarian foreign minister, Frigyes Puja, 23 June 1982, MNL OL [Magyar Nemzeti Levéltár Országos Levéltára (Hungarian National Archives), Budapest], XIX-J-1-j (Anglia) 1982, box 25.

¹³ György Földes, *Kádár János külpolitikája és nemzetközi látogatásai* (Budapest, 2016), 348.

¹⁴ György Földes, *Az eladósodás politikatörténete 1957-1986* (Budapest, 1995), 186–87; Attila Mong, *Kádár Hitele: A magyar államadósság története 1956-1990* (Budapest, 2012), 214–15; James M. Boughton, *Silent Revolution: The International Monetary Fund 1979–1989* (Washington, DC, 2001), 324–25.

¹⁵ Closing speech by Kádár at a Politburo meeting, Budapest, 14 April 1982, MNL OL, M-KS 288. f. 5/851; Földes, *Kádár János külpolitikája*, 345.

¹⁶ Gerhard Wettig, “The Last Soviet Offensive in the Cold War: Emergence and Development of the Campaign against Euromissiles, 1979–1983”, *Cold War History*, 9/1(2009), 79–110.

¹⁷ Lajos Nagy memorandum, 16 February 1982, MNL OL, XIX-J-1-j (Anglia) 1982, box 25.

¹⁸ Cartledge, “Problems of Kadarism: A Farewell to Hungary”, valedictory despatch, Budapest, 20 May 1983, FCO 28/5505. A copy of this insightful document was kindly given to the author by Sir Bryan; author interview with Bryan Cartledge, London (26 February 2014).

¹⁹ Formal court minutes, along with a “candid” draft and a “more lapidary” version of an address by the deputy governor, 6 April 1982, BoE [Bank of England Archive, London] 3A161/20.

²⁰ Committee of Treasury meeting, 8 April 1982, BoE G8/93.

²¹ Cartledge to Carrington, 26 September 1980, FCO 28/4126.

²² Bányász to Várkonyi [London], 3 October 1983, MNL OL, XIX-J-1-j (Anglia) 1983, box 29; Bányász telegram, 8 February 1984, MNL OL, XIX-J-1-j (Anglia) 1984, box 30.

²³ Prime minister’s brief no. 1(b), “Soviet Influence”, 10 January 1984, PREM 19/1534.

²⁴ Cartledge to Carrington, 26 September 1980, FCO 28/4126.

²⁵ Csaba Békés, “A Helsinki folyamat hatása a magyar külpolitikai gondolkodásra”, in Pál Pritz, ed., *Magyar Külpolitikai gondolkodás a 20. Században* (Budapest, 2006), 253.

²⁶ Thatcher found these approaches too bold, issuing a mild rebuke to the deputy prime minister, József Marjai. In conversation with Kádár, she claimed, “Mr. Marjai’s demands were excessive”, and she jestingly described the deputy prime minister as “the only politician in the world more

inflexible than she was”, drawing a chortle from Kádár: record of a meeting between Thatcher and Kádár in London, 31 October 1985, PREM 19/1799.

²⁷ Bryan Cartledge, *The Will to Survive: A History of Hungary* (London, 2011), 477.

²⁸ A Hungarian government delegation led by Ferenc Nagy visited London from 20 to 22 June 1946 on the way back from a longer trip to the United States. The British prime minister, Clement Attlee, received Nagy, who “came as a suitor requesting some favours”, notably Britain’s support at the Paris Peace Conference: Foreign Office telegram to British Embassy [Budapest], 29 May 1946, FO [Foreign Office Records, The National Archives, Kew] 371/59024.

²⁹ Steering brief for the prime minister’s visit, nd, PREM 19/1534.

³⁰ See, for example, the final report of cultural *attaché* Tom Stones [Budapest], 27 May 1980, BW [British Council Papers, The National Archives, Kew] 36/35.

³¹ Csaba Békés, *Európából Európába: Magyarország konfliktusok keresztüztüében, 1945-1990* (Budapest, 2004), 265–70.

³² Földes, *Kádár János külpolitikája*, 404–05.

³³ John Coles, “Policy on East/West Relations”, minutes of a seminar at Chequers, 12 September 1983: <https://www.margaretthatcher.org/document/111075>.

³⁴ Thatcher to Maxwell, 2 February 1983: <https://www.margaretthatcher.org/document/132283>.

³⁵ Ceaușescu to Thatcher, 16 September 1983: <https://www.margaretthatcher.org/document/131988>.

³⁶ Author interview with John Birch, London (23 June 2016); Birch email to the author, 18 August 2017.

³⁷ Hungarian Embassy telegram to Lajos Nagy, 4 November 1983, MNL OL, XIX-J-1-j (Anglia) 1983, box 29.

³⁸ Esztergályos memorandum, 29 November 1983, MNL OL, XIX-J-1-j (Anglia) 1983, box 29.

³⁹ Chris Collins interview with Charles Powell, London (12 September 2007): <https://www.margaretthatcher.org/document/111049>.

⁴⁰ House of Commons, *Hansard* (7 February 1984), Series 6, Volume 53, Column 758.

⁴¹ *Ibid.* (4 July 1984), Series 6, Volume 63, Column 322.

⁴² Paul Sharp, *Thatcher’s Diplomacy: The Revival of British Foreign Policy* (Basingstoke, 1997), 190.

⁴³ Coles, “East/West Relations”.

⁴⁴ Sharp, *Thatcher’s Diplomacy*, 186–91; White, *Changing East–West Relations*, 159.

⁴⁵ Coles, “East/West Relations”.

⁴⁶ White, *Changing East–West Relations*, 140.

⁴⁷ Eric J. Evans, *Thatcher and Thatcherism* (London, NY, 2013), 116.

⁴⁸ Margaret Thatcher, *The Path to Power* (London, 1995), 603.

⁴⁹ “A Visit to Budapest, 2–4 February 1984”; the collection of documents is available at: <https://www.margaretthatcher.org/search/results.asp?ps=500&w=hungarydoc>.

⁵⁰ See, for example, Sharp, *Thatcher’s Diplomacy*, xiii–xiv; idem., “British Foreign Policy under Margaret Thatcher”, in Thomas G. Otte, ed., *The Makers of British Foreign Policy: From Pitt to Thatcher* (Basingstoke, 2002), 282–84.

⁵¹ The other five named “actors” were John Paul II, Lech Wałęsa, Deng Xiaoping, Ronald Reagan, and Mikhail Gorbachev: John Lewis Gaddis, *The Cold War* (London, 2006), 196–97; Archie Brown, *The Myth of the Strong Leader* (NY, 2014), 88, 96–97, 116–17; Bernard Porter, “‘Though Not a Historian Myself’: Thatcher and the Historians”, *Twentieth Century British History*, 5/2(1994), 246.

⁵² Helene Sjursen, *The United States, Western Europe and the Polish Crisis: International Relations in the Second Cold War* (Basingstoke, 2003), 127; Clarke, “Soviet Union”, 71.

⁵³ Sharp, *Thatcher’s Diplomacy*, 188–89.

⁵⁴ White, *Changing East–West Relations*, 146.

⁵⁵ George R. Urban, *Diplomacy and Disillusion at the Court of Margaret Thatcher: An Insider’s View* (London, NY, 1996), 4; Sharp, *Thatcher’s Diplomacy*, 202–24; idem., “Thatcher”, 284.

⁵⁶ Sharp, *Thatcher’s Diplomacy*, 190.

⁵⁷ Hungarian Embassy [London] telegram, quoting J. Barnett, British Council, on Hungary’s privileged position, 15 October 1985, MNL OL, XIX-J-1-j (Anglia) 1985, box 33.

⁵⁸ E.P. Thompson, “Ends and Histories”, in Mary Kaldor, ed., *Europe from Below: An East–West Dialogue* (London, 1991), 17.

⁵⁹ Powell to Thatcher, 30 October 1985, PREM 19/1799.

⁶⁰ Budd to Powell, 14 February 1985, Ibid.

⁶¹ Powell to Thatcher, 30 October 1985, Ibid.

⁶² Prime minister’s brief outlining British objectives, 25 October 1985, Ibid.

⁶³ Thatcher to Kádár, 7 November 1985, *Ibid.*

⁶⁴ Hegedűs [Political Analysis and Information Bureau, Hungarian Foreign Ministry] memorandum, 11 October 1989, MNL OL, XIX-J-1-j (Anglia) 1989, box 15.

⁶⁵ British backing for the reform communists against their hard-line opponents in the party, such as Károly Grósz and János Berecz, may have been misrepresented by Hungarian bureaucrats keen to suggest the Thatcher government's preference for the *status quo*. Reflecting on Robert Cooper's reported endorsement of Imre Pozsgay, Miklós Németh, and Gyula Horn as electoral candidates, a former British ambassador to Hungary writes, "I think that what he meant was that, as reform communists, they were preferable to Grósz and Berecz. But they were certainly not who we wanted to be the next government Pozsgay was trying to get the Presidency by stealth through early election and Horn was a devious and cunning communist and no friend of Britain": Birch email to the author, 18 August 2017.

⁶⁶ Hungarian Foreign Ministry report about Mellor's visit to Budapest, 22 June 1988, MNL OL, XIX-J-1-j (Anglia) 1988, box 22. A month later, Mellor was succeeded at the Foreign Office by William Waldegrave.

⁶⁷ Lovassy [Foreign Affairs Department, Hungarian Socialist Workers' Party] memorandum, 2 November 1987, MNL OL, XIX-J-1-j (Anglia) 1988, box 22.

⁶⁸ Hungarian minutes of talks between Kádár and Thatcher, 7 February 1984, MNL OL, XIX-J-1-j (Anglia) 1984, box 30.

⁶⁹ Géza Jeszenszky, "Baroness Thatcher and the Transformation of Hungary", *Hungarian Review*, 4/3(2013), 28.

⁷⁰ Moore, *Thatcher*, II, 105.

⁷¹ Urban, *Diplomacy and Disillusion*, 3.

⁷² Birch, "British Policy towards Eastern Europe", 8 September 1985, FCO 28/6649. The author would like to express his gratitude to Sir John for showing him this important policy document; author interview with John Birch, London (23 June 2016).

⁷³ Birch, "British Policy towards Eastern Europe".

⁷⁴ *Ibid.*

⁷⁵ William Waldegrave, *A Different Kind of Weather: A Memoir* (London, 2015), 145.

⁷⁶ *Ibid.*, 146.

⁷⁷ *Ibid.*, 248–49.

⁷⁸ Ibid., 250.

⁷⁹ Ibid., 249–50.

⁸⁰ Ibid., 249.

⁸¹ Birch to Hulse, 24 September 1990. The document was kindly shown to the author by Sir John, but is not yet available in The National Archives; author interview with John Birch, London (23 June 2016).

⁸² Kovács memorandum about a visit to London by Németh, 15 December 1989, MNL OL, XIX-J-1-j (Anglia) 1989, box 15; see also László Borhi, “Magyarország kötelessége a Varsói szerződésben maradni”: az 1989-es átmenet nemzetközi összefüggései Magyar források tükrében”, *Külgügyi Szemle*, 6/2–3(2007), 263.

⁸³ Brown, “Change to Engagement”, 3.

⁸⁴ Robert G. Patman, “Some Reflections on Archie Brown and the End of the Cold War”, *Cold War History*, 7/3(2007), 442.

⁸⁵ Brown, “Change to Engagement”, 3.

⁸⁶ Birch to Hulse, 24 September 1990; author interview with John Birch, London (23 June 2016).

⁸⁷ Birch to Hulse, 24 September 1990.

⁸⁸ Robin Renwick, *A Journey with Margaret Thatcher: Foreign Policy under the Iron Lady* (London, 2013), 284.

⁸⁹ Wheeler, “Perceptions of the Soviet Threat”, 161.

⁹⁰ Stephen Benedict Dyson, “Cognitive Style and Foreign Policy: Margaret Thatcher’s Black-and-White Thinking”, *International Political Science Review*, 30/1(2009), 46.

⁹¹ White, *Changing East–West Relations*, 154.

⁹² Ibid., 145.

⁹³ László Borhi, “The International Context of Hungarian Transition, 1989”, in István Majoros, Zoltán Maruzsa, and Oliver Rathkolb, eds., *Österreich und Ungarn im Kalten Krieg* (Vienna, Budapest, 2010), 429.

⁹⁴ Birch, “British Policy towards Eastern Europe”.

⁹⁵ Unwin memorandum, “Kádár’s Hungary: Or 29 Years Is a Long Time in Politics”, 4 October 1985, PREM 19/1799.

⁹⁶ Ibid.

⁹⁷ Ibid.

⁹⁸ Thatcher to Cockfield, 26 September 1984, PREM 19/1534.

⁹⁹ Bányász [London] memorandum, 3 May 1983, MNL OL, XIX-J-1-j (Anglia) 1983, box 29.

¹⁰⁰ Roska [Budapest] memorandum, 14 February 1984, MNL OL, XIX-J-1-j (Anglia) 1984, box 30; for a British summary of Czechoslovak reactions, see Foreign Office telegram to Washington, Paris, Bonn, Brussels, and all of the Eastern European embassies, 9 February 1984, PREM 19/1534.

¹⁰¹ Unwin telegram, 6 February 1984, PREM 19/1534.

¹⁰² Lajos Arday, *Az Egyesült Királyság és Magyarország: Nagy-Britannia és a magyar-angol kapcsolatok a 20. Században* (Budapest, 2005), 197.

¹⁰³ Unwin telegram, 6 February 1984, PREM 19/1534.

¹⁰⁴ Jeszenszky, “Baroness Thatcher”, 23–24.

¹⁰⁵ Evans, *Thatcher and Thatcherism*, 102.

¹⁰⁶ Antonio Varsori, “Britain as a Bridge between East and West”, in Wilfried Loth, ed., *Europe, Cold War and Coexistence, 1953–1965* (London, 2004), 16.

¹⁰⁷ “True Blue on the Danube”, *Times* (4 February 1984), 9: <https://www.margaretthatcher.org/document/133816>.

¹⁰⁸ Draft message Thatcher to Reagan, 6 February 1984, Thatcher telegram to Reagan, 8 February 1984, both PREM 19/1534.

¹⁰⁹ Thatcher telegram to Reagan, 8 February 1984, *Ibid.*

¹¹⁰ Draft message Thatcher to Reagan, 6 February 1984, *Ibid.* In her telegram to Reagan, she softened her message somewhat, seeming more anxious to justify the need for dialogue with the communists on issues beyond arms control: “For as far ahead as we can see we have to find a way of living side by side with the communist system, repugnant as it is. I am becoming convinced that we are more likely to make progress on the detailed arms control negotiations if we can first establish a broader basis of understanding between East and West”: Thatcher telegram to Reagan, 8 February 1984, *Ibid.*

¹¹¹ Montgomery [Eastern European and Soviet Department] memorandum, 19 November 1982, FCO 28/4893.

¹¹² Cartledge to Pym, 26 May 1982, FCO 28/4894.

¹¹³ Unwin to Howe, 4 October 1985, PREM 19/1799.

¹¹⁴ *Ibid.*

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- ¹¹⁵ Author interview with Peter Unwin, London (23 June 2016).
- ¹¹⁶ The prime minister's brief, prepared by the Eastern European Department, 26 January 1984, PREM 19/1534, contains several references to "creeping capitalism", as well as noting Hungarian denials of the political phenomenon.
- ¹¹⁷ The phrase "elastic socialism" was coined by Polish party officials with reference to the regime of Wojciech Jaruzelski, but it was also used by Hungarian diplomats: see, for example, Biczó [ambassador in Warsaw] to Ószi [deputy minister for foreign affairs], 26 September 1988, MNL OL, XIX-J-1-u, box 43.
- ¹¹⁸ Bullard to Cartledge, 22 December 1980, FCO 28/4121.
- ¹¹⁹ Atkinson [Budapest], annual review for 1979, 4 January 1980, FCO 28/4120.
- ¹²⁰ Author interview with Bryan Cartledge, London (26 February 2014).
- ¹²¹ *Ibid.*
- ¹²² *Ibid.*
- ¹²³ *Ibid.* and author interview with John Birch (23 June 2016).
- ¹²⁴ Thatcher referred to Marjai's "inimitable style" in conversation with Mátyás Szűrös: see Powell to Budd, 30 October 1984, PREM 19/1534; Richardson to Howe, 16 March 1982, PREM 19/1271.
- ¹²⁵ Shackleton to Thatcher, 12 January 1984, PREM 19/1271.
- ¹²⁶ Cartledge to Broomfield, 27 May 1983, FCO 28/5528; author interview with Bryan Cartledge, London (26 February 2014).
- ¹²⁷ Coles minutes of talks between Marjai and Thatcher, 8 March 1983, PREM 19/1271.
- ¹²⁸ Evans, *Thatcher and Thatcherism*, 102–05.
- ¹²⁹ Record of a meeting between Thatcher and Kádár in London, 31 October 1985, PREM 19/1799.
- ¹³⁰ Bone to Coles, 16 February 1984, PREM 19/1534.
- ¹³¹ After-dinner speech by Thatcher in honour of Kádár, London, 31 October 1985, PREM 19/1799.
- ¹³² See chapter "The Brutuses Showed Up", in Roger Gough, *A Good Comrade: János Kádár, Communism and Hungary* (London, 2006), 228–40.

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- ¹³³ Thatcher to Kádár, 2 May 1988, MNL OL, M-KS 288. f. 32. cs. 1988/83. ő.e. The author would like to record his gratitude to István Simon of the Hungarian National Archives for drawing his attention to this revealing document.
- ¹³⁴ Kádár to Thatcher, 31 May 1988, MNL OL, M-KS 288. f. 47. cs. 781. ő.e.
- ¹³⁵ Yakovlev [Institute of the Economy of the World Socialist System, Moscow] memorandum, February 1989, in János M. Rainer and Magdolna Baráth, eds., *Gorbacsov tárgyalásai Magyar vezetőikkel* (Budapest, 2000), 264.
- ¹³⁶ Denis Healey, *The Time of My Life* (London, 2006), 527.
- ¹³⁷ Gábor Bátonyi, “Diplomacy by Show Trial: The Espionage Case of Edgar Sanders and British–Hungarian Relations, 1949–53”, *Slavonic and East European Review*, 93/4(2015), 712.
- ¹³⁸ Healey, *Time of My Life*, 527.
- ¹³⁹ Domokos [London] telegram, 14 February 1985, MNL OL, XIX-J-1-j (Anglia) 1985, box 34.
- ¹⁴⁰ Bányász comments on Thatcher, 9 January 1984, MNL OL, XIX-J-1-j (Anglia) 1984, box 30.
- ¹⁴¹ Bányász [London] telegram, 29 February 1984, MNL OL, XIX-J-1-j (Anglia) 1984, box 31.
- ¹⁴² Domokos to Horn, 15 June 1989, MNL OL, XIX-J-1-j (Anglia) 1989, box 101.
- ¹⁴³ Adley to Thatcher, 29 October 1981, PREM 19/1271.
- ¹⁴⁴ House of Commons, *Hansard* (15 November 1983), Series 6, Volume 48, Column 717.
- ¹⁴⁵ Hungarian translation of Adley to Thatcher, 19 November 1981, with commentary by the Fifth Territorial Department of the Hungarian Ministry of Foreign Affairs, 3 January 1982, MNL OL, XIX-J-1-j (Anglia) 1982, box 25.
- ¹⁴⁶ Shackleton to Thatcher, 12 January 1984, PREM 19/1271.
- ¹⁴⁷ Cartledge, “Problems of Kadarism”.
- ¹⁴⁸ Waldegrave, *Weather*, 253.
- ¹⁴⁹ Author interview with Bryan Cartledge, London (26 February 2014).
- ¹⁵⁰ Margaret Thatcher, *The Downing Street Years* (London, 1993), 450.
- ¹⁵¹ David Cannadine, *Margaret Thatcher: A Life and Legacy* (Oxford, 2017), 103.
- ¹⁵² Brown, “Change to Engagement”, 3, 41.
- ¹⁵³ Urban, *Diplomacy and Disillusion*, 2–3.
- ¹⁵⁴ *Ibid.*, 63, 68.
- ¹⁵⁵ Montgomery [Eastern European and Soviet Department] memorandum, 19 November 1982, FCO 28/4893.

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- ¹⁵⁶ Cartledge memorandum, 26 May 1982, FCO 28/4894.
- ¹⁵⁷ Charles draft memorandum about the effect of an Eastern bloc default on the international banking system, 21 January 1980, BoE 31A143/1 [file dubbed “Apocalypse Now”]; Committee of Treasury minutes, 8 April 1982, BoE 3A161/20.
- ¹⁵⁸ Brown, “Change to Engagement”, 4.
- ¹⁵⁹ John Wilson, later Lord Moran, was the British ambassador in Budapest (1973–1976); House of Lords, *Hansard* (23 April 1985), Series 5, Volume 462, Columns 1062, 1065.
- ¹⁶⁰ Tim Bale, “In Life as in Death? Margaret Thatcher (Mis)Remembered”, *British Politics*, 10/1(2015), 105.
- ¹⁶¹ Jeszenszky, “Baroness Thatcher”, 28.
- ¹⁶² Thatcher speech at the official dinner in Budapest’s famous Gundel Restaurant, 18 September 1990: <https://www.margaretthatcher.org/document/108197>.
- ¹⁶³ *Ibid.*
- ¹⁶⁴ Birch, “British Policy towards Eastern Europe”.
- ¹⁶⁵ Cannadine, *Thatcher*, 104–05.
- ¹⁶⁶ László Borhi, *Magyar-amerikai kapcsolatok 1945-1989: Források* (Budapest, 2009), 197; *idem.*, “The International Context of Hungarian Transition, 1989”, 430–32; *idem.*, “Magyarország kötelessége a Varsói Szerződésben maradni”, 255–56.
- ¹⁶⁷ Birch, “British Policy towards Eastern Europe”.
- ¹⁶⁸ Claire Berlinski, *There Is No Alternative: Why Margaret Thatcher Matters* (Boulder, CO, 2011), 47.
- ¹⁶⁹ Robert Service, *The End of the Cold War, 1985–1991* (London, 2016), 303.
- ¹⁷⁰ Dyson, “Cognitive Style”, 33.
- ¹⁷¹ Clarke, “Soviet Union”, 70, 72.
- ¹⁷² Jeszenszky, “Baroness Thatcher”, 23–24.
- ¹⁷³ Várkonyi memorandum, 23 March 1989, MNL OL, XIX-J-1-j (Anglia) 1989, box 15.
- ¹⁷⁴ Domokos to Horn, 15 June 1989, MNL OL, XI-J-1-j (Anglia) 1989, box 101.
- ¹⁷⁵ Geraint Hughes, “British Policy towards Eastern Europe and the Impact of the ‘Prague Spring’, 1964–68”, *Cold War History*, 4/2(2004), 134.
- ¹⁷⁶ Keith Hamilton, *Transformational Diplomacy after the Cold War: Britain’s Know How Fund in Post-Communist Europe, 1989–2003* (London, NY, 2013), 7.