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10 DOWNING STREET

THE PRIME MINISTER

17 February 1982

*My dear Professor Hayek,*

Thank you for your letter of 5 February. I was very glad that you were able to attend the dinner so thoughtfully organised by Walter Salomon. It was not only a great pleasure for me, it was, as always, instructive and rewarding to hear your views on the great issues of our time.

I was aware of the remarkable success of the Chilean economy in reducing the share of Government expenditure substantially over the decade of the 70s. The progression from Allende's Socialism to the free enterprise capitalist economy of the 1980s is a striking example of economic reform from which we can learn many lessons.

However, I am sure you will agree that, in Britain with our democratic institutions and the need for a high degree of consent, some of the measures adopted in Chile are quite unacceptable. Our reform must be in line with our traditions and our Constitution. At times the process may seem painfully slow. But I am certain we shall achieve our reforms in our own way and in our own time. Then they will endure.

Best wishes.

*Yours sincerely*

*Margaret Thatcher*

Professor Freidrich von Hayek

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