

There will be new opportunities of every kind, not just for member countries of the European Community themselves but for those countries which trade with the Community.

Let me reassure you: it is not Britain's intention when removing barriers within Europe to see them raised against our other trading partners outside Europe.

Canada and the United States are pointing the way with a Canada-United States Free Trade Agreement which the Economic Summit warmly endorsed.

**Some Hon. Members:** Hear, hear!

**Some Hon. Members:** Oh, oh!

**Mrs. Thatcher:** I understand that it may be a controversial matter in this Chamber. I will only say that I do not underestimate Canada's courage in taking this step in partnership with its giant neighbour. On the basis of Britain's experience of joining the European Community, you need have no fear that Canada's national personality will be in any way diminished. Fifteen years of European Community membership have left our people no less British and no less proud of their history and independence. Moreover, protectionism is not a life-belt which keeps an economy afloat. It is a millstone that drags you down and penalizes consumers and workforce alike. Subsidize the inefficient and soon that is all you have; you lose the competitive edge to export abroad and keep prices down at home.

There is another major world problem which we committed ourselves to deal with at the Summit. Agriculture will have to bring supply and demand more into balance. Until we do that, farmers will not feel secure in their future.

Look at the situation now. Countries compete with each other to give bigger and bigger subsidies. Farmers in Japan are being paid eight times the world price for rice. In the United States, in 1986, one single state received more loans and other aid from Washington than all the nations in Africa got from the World Bank. In Europe, the subsidy per cow is greater than the personal income of half the world's people.

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Even Canada is not a model of absolute virtue, though may I take this opportunity to express my sympathy for the plight of your farmers who are suffering so badly from drought.

Abba Eban once said: "History teaches us that men and nations behave wisely once they have exhausted all other alternatives". Well, with agriculture we have exhausted all other alternatives. In Europe we have made a start in cutting back surpluses and reducing stockpiles, in some cases with dramatic results.

At Toronto we all recognized that setting realistic goals for reducing subsidies on a fair basis in all our countries offered a way forward, a way forward which will offer a surer future for our farmers, a better deal for our consumers, and hope for the

Third World countries whose markets are unfairly saturated by the sale of our subsidized surpluses.

Mr. Speaker, here in this Chamber we are all privileged to be active in government and politics at a time of unprecedented hope and opportunity in relations between East and West. President Reagan's recent Summit meeting in Moscow with Mr. Gorbachev was an historic success. A new chapter in East-West relations has been opened.

We owe that to President Reagan because of his firmness and the way he has stuck resolutely to his convictions and beliefs. We owe it also to Mr. Gorbachev who, with a rare insight, has seen that communism has not been able to deliver the standard of living, of social services, of technological advance which its originators promised.

He has had the vision and resolve to embark on a course which, by mobilizing great personal responsibility and initiative, will bring greater benefits. It is not going to be an easy path for the Soviet Union and its allies in Eastern Europe. Those who engage in great endeavours never find the going easy, but it is in our interests as well as those of the Soviet people that he reach his goal.

**Some Hon. Members:** Hear, hear!

**Mrs. Thatcher:** Every enlargement of liberty serves the interests of all mankind. The foundations of this new hope in East-West relations were not laid in recent months. They were built up over the last four decades by the resolve of the Governments and peoples at the heart of the western world—the United States, Britain, and Canada pre-eminent among them—to defend liberty, justice, and democracy however heavy the burden and whatever the price.

Now we are beginning to reap the rewards: the Agreement to reduce Intermediate Nuclear Forces and the Soviet withdrawal from Afghanistan. Who would have thought, five years ago when I last spoke in this Chamber, that either of these things would come about?

The more hopeful signs from the Soviet Union are bound to raise questions in people's minds: Can't we take a chance? Do we need to go on with the present level of spending on defence? Hasn't the time come when we can relax our guard? Mr. Speaker, nothing could be more dangerous.

**Some Hon. Members:** Hear, hear!

**Mrs. Thatcher:** First, we cannot base our defence on hope, only on reality, and the reality is that Soviet military spending continues to grow and their weapons systems are being constantly modernized and updated in every field. Their forces are far in excess of what they need for defensive purposes alone.

Second, we do not know whether Mr. Gorbachev will succeed in his new policies. Old ways die hard and there is still little evidence that the Soviet Union's long-term foreign policy