

Forty-three years after VE Day, we honour the valour and sacrifice of Canadian fighting men in two World Wars. That is something which we in Britain will never forget, a debt that can never be repaid. So too is the enormously generous help which you gave Britain in the post-war years.

Four Canadian Prime Ministers including Sir John A. Macdonald were born in Britain, and the only British Prime Minister born overseas came from New Brunswick.

We are delighted that today, Canada's involvement in our national life is as strong as ever. There are no less than 160 Canadian firms active in the United Kingdom with nine banks and thirteen security houses. Individual Canadians—Paul Reichmann, Conrad Black, Graham Day—are making a great contribution. Most exciting of all is the major Canadian investment in Canary Wharf, the remarkable architectural and commercial renaissance of London's docklands.

Last month, I opened the construction phase myself by sinking the first concrete pile—

Some Hon. Members: Oh, oh!

Mrs. Thatcher:—with a little help from a pile-driver.

Some Hon. Members: Oh, oh!

Mrs. Thatcher: When it is complete, it will be the largest commercial development in Europe. We welcome the confidence and the commitment on the part of Canadian enterprise which it represents.

• (1120)

Mr. Speaker, one of the advantages of being among family is that we can compare ailments. Some years ago, we in Britain invented a disease. Its symptoms were a combination of stagnation, inflation, financial problems, labour troubles, and loss of confidence. They called it: "the British disease".

A Canadian commentator, Goldwin Smith, provided an excellent clinical definition of the malady nearly a hundred years ago. He spoke of countries that were "rich by nature, poor by policy". Today, many of us in the developed world realize that in varying degrees we have quite needlessly been "poor by policy".

We have come a long way since the days when people thought that you could spend and borrow your way to prosperity, that you needed a budget deficit and a bit of inflation to get economic growth.

Now it is understood that the Government's role is to keep downward pressure on inflation and to create a sound financial and legal framework in which enterprise can flourish.

Some Hon. Members: Hear, hear!

Mrs. Thatcher: We have learned that it is not Governments which create wealth, but people, provided we have policies which encourage them to do it.

Some Hon. Members: Hear, hear!

Mrs. Thatcher: We have also got away from the debilitating concept of the all-powerful state which takes too much from you to do too much for you, constantly substituting the politicians' view of what the people should have for the people's own view of what they want.

Some Hon. Members: Hear, hear!

Mrs. Thatcher: We have had our own *perestroika*. As a result the economy has been growing steadily for seven years, soon to be eight, there are more resources available for the community's needs, and we have a budget surplus with which to repay debt.

Some Hon. Members: Hear, hear!

Mrs. Thatcher: Mr. Speaker, you can never do that except by first restoring the spirit of the people. The great economists of the past knew this. Adam Smith was not a professor of economics. He was a professor of moral philosophy. He understood how to work with the grain of human nature. He knew the heights which it could reach, which is why his policies for creating the Wealth of Nations will endure throughout the years.

Today you can feel the pride and confidence both in Britain and in Canada. Both our countries have learned that lesson. As a result we have achieved remarkable economic success, and today we jostle for the top place in the OECD's growth stakes.

Among the Economic Summit seven countries, sound money, lower taxes, and freedom for enterprise are now common form. It was not always so; but every year since the second cycle of summits started in 1982 the Heads of Government have committed themselves to those policies as the best basis for stable and long-term growth.

We have put behind us the financial irresponsibility which made the 1970s a decade of missed opportunity. I do not believe that the world could have withstood the shock of last autumn's fall in stock prices so well if our policies had not been built on sure foundations. We have established a new orthodoxy.

Low inflation and prudent financial policies need to be supported by open markets and flourishing world trade. Here too the Toronto Summit took important steps forward. We committed ourselves to the success of the GATT-round trade negotiations and encouraged measures to free up world trade.

Mr. Speaker, by 1992 every firm in Europe, whether engaged in manufacturing or in services, will have a single market of 320 million people. What a dramatic development that is going to be! To add to it, the Channel Tunnel will give Britain for the first time in our history a land border with Europe.