of logic that I want to put into some ideas that I would like to put forward at this time.

I would like to make my speech one with a few suggestions which I think are positive alternatives to the type of thing that we have witnessed in countries of the western world in the last 30 years. I would like to suggest a practical proposal that has been used in Canada and in other countries more or less successfully. I call this principle the growth rate exchange, and under it you simply ignore all those civil servants trying to put impediments into the movement of goods back and forth and carrying out these complicated regulations which merely add to the cost. You merely set a target for industry or for trading companies and let them go ahead and achieve that target without all these regulations, government controls and interference.

I cited in this House an example in the European steel community where two governments gave industry 20 years to achieve parity of steel production between Germany and France. Those two countries stood back under that target of parity and saw private enterprise achieve that objective in seven years.

I saw a Conservative government in this country led by the right hon. gentleman from Prince Albert (Mr. Diefenbaker) speak to the American car companies and propose to them that, since we bought their cars and trucks and consumed 7 per cent of the total cars and trucks in North America at that time, at least 7 per cent of the equivalent of those cars should be built and produced here in Canada.

I listened to minister after minister get up and say that this concept was started by the Liberals. I am not going to get up in a partisan way and quarrel about something like that. It was started under the chairmanship of the then minister of finance, Mr. Nowlan, and was carried on by the Pearson administration and supported by this side. The only difference was—and I am speaking in general terms—that we did not lay down any precise terms. We simply said that we expected those car companies, General Motors, Chrysler and Ford, if they wanted to continue operating in Canada to produce 7 per cent, or the equivalent of 7 per cent, of the cars and trucks here in Canada. And they did.

In the next agreement they made it more precise and said that the whole car had to be completed in Canada. Because of that there was a sudden burst in the automobile pact. These big companies said they would do what the government wanted them to do. They decided to make the small cars in Canada as Canada's contribution, but here they made a serious blunder. Everybody got in the mood for small cars and suddenly Canada was ahead of the deal. This had to be corrected, so today every word that you get out of the automobile industry and every trick of the trade is being used by them to get around this commitment.

We hear of cars coming into Canada in parts. They take off the wheels and ship the wheels in one package and the car in another package to some countries and say that this car was manufactured in Canada because the wheels were put on there. Or they take the whole package of parts and have them assembled in another country and want it credited as a car that has been made in Canada, the actual work being done in the parent country. That is an example of what I call bitter experience.

You have to have governments that are willing to learn what the philosophy of the agreement was and see that it is enforced. I use the automobile deal as an example in spite of the things that have happened to us in the last two or three years. The principle and philosophy are sound—that you make an agreement with these companies and then say you expect such and such to be done or certain action will be taken. If they try to duck around it in the interests of their parent country, all of a sudden that action is taken period, and then they know not to fool around.

I do not know how great the truth is behind these rumours. We do not make Cadillacs in Canada, yet I understand that Cadillacs are exported to Saudi Arabia from Canada and qualify as having been produced in Canada. We did not produce them. They simply sent a couple of parts to Canada, put them into a new package and shot them out. Trucks are treated in the same way. Trucks all over the world are labelled as made in Canada, and I know they were not produced in Canada. I am simply saying if you accept the good parts of the growth rate exchange system, where you set targets for private business to reach, it does not mean that you sit back and enjoy yourself beside a swimming pool for the rest of your life. You have to watch these people all the time.

I could go on and give what I think is the number one opportunity for Canadian jobs and for Canadian development of industry, not on any subsidized basis but on the basis of comparative advantage. How many people are aware that in the last 17 years our steel industry has been competitive with every other nation in the world? The only real fight they have today is with the Japanese, and they can meet them head on as long as they are treated fairly. We have an industry which uses a tremendous amount of iron, energy and water. We pay our men higher wages per hour to produce higher quality steel and produce it at a lesser cost per ton than our competitors. We have the know-how, the proven track record of comparative advantage in this industry, and the industry is growing at a very satisfactory rate—from four million tons in 1962 and 1963 up to about 14 million tons presently.

I know what the plans are. Long before the end of this century we will have a steel industry with a capacity of between 35 million tons and 50 million tons a year based on comparative advantage—not based on subsidy by government, but on the technological know-how of our managers and the skill of our workmen. It is fine to have this advantage in the steel industry but we as a government are not reinforcing their efforts. If we have this advantage in steel we can also have it in the value added industries created therefrom, and this is where the growth rate exchange comes in and the bargaining levers are well known. The United States is our main market. The United States has long since run out of good iron. It is down to the expensive, inferior taconite of the Mesabi range. The only nations supplying it with iron today are Canada and Brazil. If