

I agree with the hon. member who said that we should have in Canada a more balanced economy, and I cannot think of anything that would balance our economy more effectively and more quickly than for eastern manufacturers to set up industries in western Canada. They did so in the past, but when depression struck the west, and the purchasing power declined, they closed up and came back east.

In Portage la Prairie there is one particular industry which provides, I think, a legitimate grievance. I refer to a flour mill which flourished there for forty-five years. Just recently this mill was modernized. It is quite large; I believe it will produce about 1,000 barrels of flour a day; and it provided employment for many people in our city. But because the export trade had fallen off, and because flour could be manufactured more cheaply in Ontario, the mill was closed and the employees and their families, some of whom had grown up within the shelter of the mill, were thrown on their own resources. Some of them, I understand, are on relief. If there is any industry which should succeed, it is one which has the raw material right at its doors. There we had a milling industry, situated in the heart of the greatest grain-growing district in western Canada, enjoying protection, as regards their product, provided by the rest of the people of Canada, and enabled to buy their grain from the farmer at the Fort William price. The farmers of Portage la Prairie pay the freight on that wheat to Fort William; but the wheat which was sold to the mill did not go to the head of the lakes, it was ground into flour in Portage la Prairie, the freight from Fort William to the loading point was deducted, and for a payment of one cent per hundred pounds, or per bushel, they had the privilege of loading this car, after the grain had been unloaded, with their own flour and shipping it to Fort William; and the farmers paid the freight. The mill enjoyed all these concessions from the people of Canada; yet, when hard times came, your eastern industry folded up and went back to the east. The point I want to make is, has the government no influence with the manufacturers of eastern Canada? Is there no way of persuading them; yes, is there no way to force them to go out to western Canada and try to build up that country so that we may have a more balanced economy?

We buy our goods from the east and pay the freight on them to the west. I now come to another sore spot. I refer to agricultural machinery, which for the most part is made in eastern Canada, and we pay the freight

to the west. To-day we are paying almost twice as much for a binder as we did in 1914, yet we are receiving the same price for our grain as we did then. It is not fair. We in the western country are up in arms. The governments of the three prairie provinces have met to discuss what should be done, and it was suggested that machinery might be manufactured in western Canada. That is an invitation to the Massey-Harris company, the Cockshutt company or any other Canadian company to establish a factory in western Canada and manufacture their goods there. I believe that such transfers of industry would conduce to a more balanced economy and a more contented people.

Mr. HATFIELD: Would the minister consider making the same agreement with New Brunswick when the new agreements are made as with the other provinces?

Mr. McLARTY: Oh, yes. We deal impartially with all the provinces. It is a matter of the request coming from the province itself. We are quite willing to enter into the same kind of agreement with New Brunswick as with any other province.

Mr. HATFIELD: The department should have a uniform basis of agreement throughout Canada. I do not think New Brunswick should be discriminated against.

Mr. McLARTY: Any discrimination is not the fault of this government. Whatever request comes from New Brunswick, or from any other province, will be considered and acted upon. By that I mean that there is no intention on the part of the federal government to discriminate against New Brunswick.

Section agreed to.

Section 4 agreed to.

On section 5—Conditions of financial assistance.

Mr. DIEFENBAKER: Would the minister explain the system of control used by the dominion government in reference to moneys advanced to the provinces? What is the nature of the control? What executive officers represent the dominion?

Mr. McLARTY: I wonder if I understand my hon. friend correctly. Does he mean advances for material aid or for works? The matter of loans to the provinces?

Mr. DIEFENBAKER: Yes.

Mr. McLARTY: That is handled by the comptroller of finance. He makes the loans to the provinces; they are not made by the Department of Labour.

Section agreed to.