

Report of Discussions on Farm Machinery

the transfers that are going on all over Canada a substantial administrative problem could arise. It seems to me if this interpretation can be placed on this mobility program it would be possible for people to be paid for their house, for example, upon moving into Calgary while other people are being paid who are moving out of Calgary. I believe, therefore, there needs to be some definition of the areas of job opportunities, areas in which there is an excess of workers in relation to job opportunities.

We go along with the minister's hope that he will be able to move workers into those parts of Canada in which there are job opportunities. Unless there is far more in the regulations under which this mobility program will be administered, I suggest to him that a large number of administrative problems will arise which do not seem to be met by the statement we have heard. We agree that one of the major problems concerns disposing of and acquiring new houses. This problem is particularly acute in areas in which there are job opportunities, because they are the same areas in which there is a shortage of housing at the moment.

While we wish the minister success in these amendments to the mobility program, there must be far more than has been indicated so far or I am sure the minister is going to be severely upset.

FARM MACHINERY

REPORT BY MINISTER ON DISCUSSIONS WITH MANUFACTURERS

Hon. J. J. Greene (Minister of Agriculture):

Mr. Speaker, on several occasions recently hon. members have inquired about the discussions I have held with farm machinery companies concerning recently announced price increases.

During recent weeks I have met with representatives of the major manufacturers of farm machinery. At these meetings we discussed the question of price increases for farm machinery during 1967, and in particular increases while the work of the royal commission on farm machinery is under way, the lines of equipment which would be most affected and the reasons for any proposed increases. In these discussions I indicated my desire to keep any price increases to a minimum, particularly while the royal commission on farm machinery prices was deliberating.

I have been very much encouraged by the response from the farm machinery companies. Generally speaking I have obtained assurances that price increases to be effected in 1967 will not result in overall increases of more than 2 per cent to 3 per cent. On some individual items price increases may be somewhat higher, but for other items no price increases whatever are expected.

Part of the price increase in many cases is the result of product improvement. The effect of this on prices was estimated by various companies to be about a third to one half of the price increase. In certain cases the price increases are due to factors beyond the control of companies operating in Canada. Some companies import considerable quantities of their components from the United States and the United Kingdom. Price increases on components from these sources have been 3 per cent to 4 per cent. One company, for example, imports 90 per cent of its Canadian sales. The house will appreciate that in a case like this, price increases outside our borders have a direct bearing on the prices which such companies have to charge in Canada.

The companies in turn have pointed out to me the increased costs which they face in 1967 and which they are not in a position to absorb out of their earnings without affecting their ability to obtain new capital. Increased costs mentioned by the machinery companies were 3.5 per cent to 4.5 per cent on materials, 7 per cent on wages, higher borrowing rates and increased transportation charges of 10 per cent on materials. Materials represent a high proportion of the total cost of farm machinery, as much as 70 per cent being reported by one company.

● (12:10 p.m.)

I, of course, appreciate the grave difficulties of the farmer currently faced with a cost-price squeeze. We are extremely hopeful that some of the pressure of this squeeze will be relieved by an upward movement of the price factor, and particularly by the attainment of a more realistic level of world wheat prices under the new world cereals agreement now being negotiated in Geneva. I am also extremely hopeful that the royal commission on farm machinery prices will come to helpful conclusions on the difficult issue of rising farm machinery costs which have been of such great concern to our farmers.

In the meantime, in the light of generally rising costs and the considerably higher price increases, including those of wages, in other