

The application of this second principle prevents the flow of savings into production and redirects it back to its proper purpose in consumption. All reproduction will then function on credits created for the purpose, and these will be repaid as at present.

• (2100)

[Translation]

Mr. Speaker, we say that when the farm production is ready it may at all times meet the consumers' needs, in other words fulfil its objective. We say that there is a time-lag between the processing of a product and its consumption. This period of time is the inventory which represents billion of capitalized dollars and which are today quite a heavy burden on our producers.

In the future, we will accept that production reaches consumption but between production and consumption, between the transportation of finished product and consumption, today's producer becomes a victim to the strongest which are often able to eliminate the competitive producers. A deficiency in the financial mechanism at this stage of production plays into the hands of the stronger to the disadvantage of the weaker.

Mr. Speaker, we have only to consider the devious means used by many larger producers against smaller ones to realize that because the present system does not provide interest-free financing for all stages of production up to the ultimate one, that is consumption, a large number of bankruptcies occur among a large number of competent small producers. This, by the same token, eliminates healthy competition to the benefit of large producers who can obtain easy credit from banks and turns to the advantage of large producers but to the prejudice of smaller producers as well as of consumers.

Mr. Speaker, let us take for example the case of potato producers in New Brunswick who, come autumn, have to store their potatoes in cellars. They have a large production on their hands and a large debt to the bank. New federal credit facilities are not available for the latest production. Some time or other, the bank's manager requests the repayment of the debt. What happens then? In New Brunswick, for instance, someone who is shrewd enough to avail himself of the opportunity, can buy out, each autumn, the whole potato crop for a song because producers have to meet their loan repayments to the bank before their crop can be sold.

The same story happens also, Mr. Speaker, in other fields of production.

We need only consider maple syrup. In May or June, maple syrup producers in Beauce, because they have to pay their loans back to the bank, must sell their production to a certain dealer of the province of Quebec who is taking over maple syrup production. He buys it from the producer who has exhausted his credit with the bank and sells it in the fall for three times the price he paid for it.

If the Social Credit principle that any new production must be financed by new interest-free credit had been applied, the Maple Syrup Producers Association could have obtained interest-free credit on its maple syrup, a guaranty on its assets, its wealth, pending consumption. This way, the maple syrup producer would not be in the power of a few parasites who exploit both producers and consumers.

Farm Credit Act

Many lumber contractors sell the outcome of their labours for peanuts because they cannot wait until their production has reached the consumers. How many producers are in danger of losing their whole production! They must sell to the first buyer available. They have always been exploited they cannot sell their production higher than cost and make a profit.

Mr. Speaker, I recall being in the Maritimes where I found that fishermen who had made good catches had to sell their fish for 3 or 4 cents per pound to parasites who got better terms from the banks. The fishermen who did not have the facilities to store their catches, prepare it for sale or can it, were at the mercy of the middlemen.

Producers of wheat, apples or potatoes and fishermen, both eastern and western, do not get interest-free loans which would enable them to survive until their production reaches the consumer.

Mr. Speaker, Social credit proposes a solution which would consist in giving the consumer the necessary purchasing power to buy the production. Even if I had all the necessary purchasing power to buy maple syrup, I would have to buy it according to my needs. That is why there is a time lapse before the producer can sell his commodities. This is also the reason why in the field of agriculture as in others, that from the time a tractor is manufactured up to the time it is sold to a farmer, there elapses a period of six, eight, nine months or even one year.

What happens, then? Manufacturers borrow money on which they pay interest at the rate of 1 per cent per month or the equivalent. This financial charge is added to the price of the tractor. In short, the consumer always pays in the end. Is it the producer's fault if he must wait for consumers?

This is why we, Cr ditistes, are saying that when production is ready for consumption it is social and precisely because it is social social credit must finance new production in order that it may reach the consumer and prevent all those parasites in our economic system from coming between the producer and the consumer.

[English]

An hon. Member: Free enterprise!

• (2110)

[Translation]

Mr. Rondeau: Mr. Speaker, I am for the free enterprise system but I am against the fact that some people, because they can get loans from banks, act not as private producers but as exploiters. On the one hand, they exploit producers and, on the other hand, they exploit consumers.

It is ridiculous to see that, during the ten years I have been sitting in this House, the government has introduced at least five bills on farm credit. At certain times, today for example, they say that farm credit must be developed. At other times they say that the interest rate on farm credit must be increased or they introduce another bill whose only purpose is to get the farmer into debt rather than enable him to free himself from those who exploit him between production and consumption.

Mr. Speaker, tonight I am taking the case of farmers because we are considering Bill C-5. But this system of