

such officers to withhold them for a given purpose, in which case such surpluses become an additional loan or share capital of each member. Hence, a surplus is his property.

This should make it apparent to everyone that this type of enterprise does not attract membership of any others than those who expect to use the services provided by the cooperative. It has no speculative or profit investment value. Interest takes second place to patronage dividends in a properly constituted cooperative.

Now I should like hon. members to observe the difference between cooperative associations, which I have just described, and corporations designed primarily for the purpose of profit making. In profit-making organizations each share has one vote, so that one person or a small group of persons controlling a large number of shares may decide the whole policy of that organization. Shares of this type of enterprise are listed on the stock exchange, many of which are bought and resold for speculative purposes, because the value of such shares fluctuates from time to time, and sometimes considerably. True, quite a few people may buy these shares for savings or investment, nevertheless these buyers may, and probably will, be spread over a great portion of the world, far removed from the headquarters of the corporation itself, and would be quite unable to exercise any democratic control over its operations. Such shareholders are usually invited to provide for the vote of their shares by a proxy to someone who is certain to be at the annual meeting. Hence an officer of the corporation who has a large financial interest in it himself, and who quite naturally will vote the shares for policies most remunerative to himself, may represent the voting shares of those who are without interest in his special policies. Thus, the theoretical element of democracy is non-operative in actual practice.

In such a corporation the main purpose is to make profits on the investment, and the public are invited to buy shares for no other purpose than to earn interest or a capital dividend on such investment. This should clearly indicate the decided difference between money invested for the sole purpose of earning interest and money invested for the purpose of providing goods or services for the investor. In profit-making corporations there is no identification of the shareholder with the user.

This government claims to believe in cooperative enterprise. If it did not so claim I would not have made this speech tonight.

Mr. SMITH (Calgary West): Will the hon. member permit one question?

Mr. BENTLEY: Yes.

[Mr. Bentley.]

Mr. SMITH (Calgary West): I was wondering if the hon. member went so far as to object to people buying and selling the shares of a company on the market.

Mr. BENTLEY: I did not object. I was describing the difference.

Mr. SMITH (Calgary West): I did not understand.

Mr. BENTLEY: I did not object. I have made no quarrel with that.

Mr. SMITH (Calgary West): Thank you.

Mr. BENTLEY: I have simply described the difference between the two.

Mr. SMITH (Calgary West): The hon. member will appreciate that I was merely asking a question.

Mr. BENTLEY: Yes. What I am trying to do—and as I go along I will show why—is to claim that the present taxation of cooperatives is unjust. The Minister of Agriculture (Mr. Gardiner) has said in this house more than once that he believes in cooperatives. In fact, he has taken credit to himself and the Liberal party for the rise of cooperatives in Saskatchewan. The hon. member for Rosthern (Mr. Tucker), the leader of the Liberal party in Saskatchewan, has also said that he believes in cooperative enterprise. This government itself, by the very act of sending delegates to the Hot Springs food conference in 1943 and its subsequent acquiescence in the findings of that conference, has at least paid that much lip service to the idea of cooperative enterprise.

I am going to quote something which has been put on the records of this House of Commons on at least three occasions during this parliament, but which will bear repeating until everybody is cognizant of the great moral lesson contained in it. This is one of the findings of the Hot Springs food conference:

That each nation examine its laws, regulations and institutions to determine if legal or constitutional obstacles to cooperative development exist, in order to make desirable adjustments.

But this government, in spite of its claim to believe in the ideal of cooperation, has deliberately made a law compelling cooperatives to be profit-making organizations, to the extent of three per cent of the capital employed; a most unwarranted action and a flagrant violation of the rights of free enterprisers—which cooperative members are—to decide whether they will invest their own money in their own business, interest-free or not. The law now says positively that they must not. It says that three per cent of the