

We also have to consider the situation and the condition of the urban poor. There are many things which need to be done. The co-operatives are interested in playing a role in dealing with the problems of the urban poor. They have placed proposals before the government of Canada and various committees and agencies stating how they might help in tackling the problems of urban slums, and so on.

The hon. member for Vancouver-Kingsway (Mrs. MacInnis) referred to the role played by co-operatives in dealing with the problems of our native peoples. I think it is to their credit that co-operatives have pioneered in certain work among the Indian and Eskimo peoples of Canada. It might be noted that the philosophy of the co-operative movement and approach is very amenable to people with Indian and Eskimo backgrounds.

Thirdly, I refer to the role that can be played by co-operatives in international development. This matter has already been referred to by the hon. member for Notre-Dame-de-Grâce (Mr. Allmand). Co-operatives are suitable for many types of activity in the job that must be done on the international scene—helping to erase inequalities that exist among nations of the world. Overall, co-operatives have a very fundamental and important role to play in dealing with the whole problem of poverty. They can play a crucial role in eliminating many of the conditions of poverty in the world today. After all, the co-operative movement works with people. As well, the co-operative movement can help to overcome much of the alienation that is so prevalent in our society. It is important to remember that the co-operative movement is based upon service, not upon profits.

In my view this bill establishes a very important principle. We must keep in mind that co-operatives are a different way of doing business. That principle is recognized by the very existence of this bill. It has been correctly concluded that co-operatives cannot be dealt with adequately, in terms of public controls and the legal framework within which they have to operate, through ordinary company law embodied federally in the Canada Corporations Act. A special act is needed. This special act must be suited to the needs and principles of the co-operative movement. It should be parallel to company law with respect to some of its mechanical provisions and with respect to various questions of public interest. It should be adapted to the special nature of the co-operative movement so that co-operatives can carry on their operations without being unduly restricted and without having to give in on points of principle about which they feel strongly.

If the principle is established for the legal framework of operation such as we have in this bill, I hope it will establish a principle with respect to other areas of law, such as tax law. The Minister of Consumer and Corporate Affairs (Mr. Basford) has pointed out that tax law is not involved in this bill. I note that co-operative representations have been made both in respect to company law and tax law. They are not asking for special favours. They are only asking that they be allowed to operate as co-operatives consistent with their principles

#### *Canada Co-operatives Association Bill*

and within the framework of a determination of the public interest. This is set out in some of the material prepared by the Co-operative Union of Canada wherein it is stated:

Generally speaking, what co-operatives want is legislation that will permit them to conduct business by well recognized co-operative principles and methods, which the present Canada Corporations Act does not provide for. Entrepreneurs and investor-oriented groups applying for incorporation based on joint stock company rules have appropriate legislation in the Canada Corporations Act. Canadians who wish to incorporate a business based on co-operative rules and practices do not have a legislative vehicle appropriate to their needs.

I wish to refer briefly to the study of tax law made this year by the Standing Committee on Finance, Trade and Economic Affairs, of which I am a member. This committee considered certain proposals made with respect to the co-operative movement, taxation of co-operatives and also some of the proposals placed before them. I will quote briefly from one section of the majority report of this committee. This point was approved by all members of the committee. I mention this matter because, as is known, the hon. member for Waterloo (Mr. Saltsman) and myself submitted a minority report with respect to the white paper study. All members of the committee approved of this one sentence. It illustrates the principle involved in dealing with this legislation, although applied to another area. It reads as follows:

The committee recommends that the basic principle to be followed should be that co-operatives, caisses populaires and credit unions should have no tax advantage in the tax system but that adequate provision be made to ensure that the operations of such organizations are not unfairly hampered and to ensure that they do not suffer a tax disadvantage.

The hon. member for Vancouver-Kingsway has already raised several points with respect to the bill now before us. Many of these points can more adequately be considered in the committee. I wish to deal with a couple of the very important and fundamental points involved in this bill.

Under the list of definitions in clause 3 of the bill, reference is made to "co-operative basis". Subclauses (d) and (d)(i) provide as follows:

(d) "cooperative basis" means the carrying on of an enterprise organized, operated and administered in accordance with the following principles and methods:

(i) except in the case of an association the charter by-laws of which otherwise provide, each member or delegate has only one vote—

• (8:50 p.m.)

As correctly pointed out already, this deals with one of the fundamental points of operation for the co-operative movement—one member or one delegate, one vote. I suggest it is a very poor principle when you are writing this very fundamental feature into the definition to leave a wide-open door to any association, at its discretion through the passage of a bylaw—subject, of course, to certain controls—to vary its rules from this particular provision of the legislation. It seems to me that if a case can be made for an exception to the rule of one member, one vote, that exception should be spelled out in this clause of the bill.