

dividends on inflated capital they are going to ask for lower wages and lower prices to the farmers. This was quite a human viewpoint to take. They came to me and said: Give us a hand to help negotiate a wage agreement with these enormous chain dairies. So we went down to some of the smaller dairies and endeavoured to solicit their sympathy in connection with men's wages and working conditions. I gave a left-handed hint to them that if they would play the game in regard to men's wages and prices to the farmers, we would swing the labour support their way. What did one of their managers say to me? He said: "If I had the influence you think you have, I would start a dairy of my own," and they almost threw us out on the sidewalk. When we got to the sidewalk I said to the men around me, ordinary working men like myself: "By jingo, that is what we will do; we will start a dairy." So we started a cooperative dairy in Ontario. We went out among the farmers, and the funny thing about them was that we had to convince them that we were not selling them a goldbrick. They thought this was some smart slicker from the city coming out and trying to sell them something that was worth nothing. Eventually we raised enough money to start this dairy on the basis that the men get a fair wage, that the farmers get a fair return for their labour, and that what is left over is shared among the farmers and the people who buy the milk. That is the proper basis of production, because let us not forget that the fundamental basis of production is consumption, not profit. If the people in this corner who talk about the cooperative commonwealth did something more practical in that direction, they would be further ahead than they will get by just talking about it. That is the way to prove the thing is sound; the basis of life itself is voluntary cooperation, where the farmer gets his and the consumer or the man employed in the industry gets his. The fellows in this corner want a policeman all the time. I disagree with them of course on that point.

We proved my theory in a practical way; we started in with our cooperative dairy. I want to be quite frank about that; speaking as a sailor again I say that there is more profit in milk than there is in beer, and that is saying a good deal. We went along in a quite normal way and we built up a tremendous business. Within two years we had the third largest business in the city of Hamilton, based on this perfectly simple approach to the problem. This has the price spreads commission knocked off the map, to use the

[Mr. Mitchell.]

language of the man in the street. If after you meet your capital obligations you distribute the surplus among the people who produce the product and the people who consume it, and you pay the best wages and the top prices to the farmer, there is no argument against the proposition.

The first year we were in business we did not make any money, but that is quite a sound proposition in business. The second year we made sufficient profit to meet the arrears of dividends to the farmers, I mean to those who invested their money in the business. As a matter of fact we made fourteen per cent on the capital structure after paying top prices to the farmers and the highest wages to dairy employees within the confines of the city. Then we got the milk control board of Ontario, under a Liberal government, by the way; and I could never understand how a Liberal government should be opposed to voluntary cooperation. We might as well be frank. There is a complete answer to the price spreads commission and the lofty speeches made by the hon. member for East Kootenay (Mr. Stevens). How shall we pay the best wages possible to the employees, how shall we pay top prices to the farmers, meet our capital obligations and distribute the balance between those who produce the milk and those who consume it? If these overnight revolutionaries in the corner, these revolutionaries in the abstract, would go out to the people and preach the soundness of the real cooperative principle, we should get somewhere. I am one who believes in things that work; I am not greatly interested in things on paper. After all, the capitalist system works on paper; so does socialism. But I think these working men and farmers of Hamilton—I say this to the farmers on both sides of the house—have given an object lesson to the farmers and consumers of Canada which indicates that they do not need any price spreads commission; all that is necessary is the principle of voluntary cooperation. I state with all the responsibility of a member of the House of Commons that at the moment we are making so much money that we do not know what to do with it.

Mr. FRASER (Northumberland): How about lending us some?

Mr. MITCHELL: And this good Liberal government of Ontario say we cannot pay more than eight per cent on our capital. What are we going to do with the balance? Up to the last month our profits on distributing milk have been 38½ per cent on our capital after meeting all obligations—wages, depreciation, and interest on capital.