

budget. I refer to the fact that no mention was made of any amendment or improvement in the laws affecting cooperative institutions in this country. Last year I criticized, as well as I was able to, the government's proposal for the taxation of cooperative associations and its failure to recognize by statute the difference between cooperatives and corporations. I stated then and I state now that this country has great need for a federal cooperative act which will clearly define what is considered to be a cooperative association for purposes of taxation and for all other matters of legislation.

This may be a difficult act to devise, because there are likely to be as many different opinions as there are provinces; nevertheless a start should be made and work to that end should be going on as rapidly as possible. In the debate last year I tried to define the difference between cooperative associations and profit-making corporations, for the benefit of hon. members of this house. I was, of course, unsuccessful in convincing the government to accept the difference as I see it, so I will repeat it tonight, even though this may be a little wearisome. There are not so many in the house and perhaps those who are here can stand it.

To begin with, a cooperative association is as purely democratic as any human institution yet devised. In a cooperative institution each member has one vote only; consequently a cooperative cannot be dominated by virtue of the money investment of any single individual or group of individuals. This is the acme of democracy, if I understand the word.

1. Cooperative shares are not traded on the open market; therefore they are not attractive to speculators.

2. Interest on capital is limited and usually small, and in some cooperatives interest on share capital is completely non-existent by virtue of the decision of the membership.

3. Cooperatives are non-profit business concerns, by philosophy, by declaration and by actual operation. They exist to provide a service to the members at what the members believe is less cost than their cost for similar services that are being provided by existing profit-making concerns.

Cooperatives come into existence only when enough people come to believe that a cooperative can serve them in that way. As a rule, cooperatives, by decision of the members, charge the rates prevalent in their area, or in that type of business for the goods and services they provide their members. But there are very good reasons for this. It prevents price wars, which would be bad for all concerned, and sometimes disastrous. It does

more than that. It provides a measuring stick for (a) efficiency of operation; (b) proof of the belief that savings can be made by cooperative effort; and (c) a safe figure to work on to take care of all foreseeable contingencies which might arise in the business world in the course of the year projected, and in this way prevent, in so far as possible, any deficit.

If the truth of this is established, then obviously, at the end of the fiscal period, if efficient operation has been carried out, there is bound to be a surplus which is then allocated back to the members on a patronage basis. There is no profit. I want to emphasize and underline that fact, that there is no profit.

4. Cooperatives are completely open as to membership, being thoroughly non-political in a partisan sense, non-denominational in a religious sense, and non-discriminatory in so far as race and sex are concerned, in membership and in the matter of elected or appointed officers and employees.

5. Cooperatives provide for education in cooperative principle and practice, with a limit set on the amount which may be spent for this purpose. All members are encouraged, are even implored, to study cooperative principles in general and their own cooperative in particular; to attend the meetings, and take part in examination of the operations, finance and in formulating policies, as well as in voting for directors.

It can be seen by this explanation that cooperatives have a special feature which makes them differ sharply from purely profit-making corporations. That special feature is the identification of the owner with the user.

These are the five guiding stars of cooperative enterprise. No one is coerced into becoming a member, although all are asked to consider becoming members. No one can dominate the organization by economic power. All policies and practices are decided upon by open and fair discussion of the members, with responsible officers present to answer for their respective responsibilities. There is no proxy voting by blocks of stock in the hands of a few individual officers. Interest on the capital provided by the members may be paid or not paid, by decision of the members and by no one else; that is, until last year when it was made law that they must declare a three per cent profit before they could return their surpluses to themselves. Any surpluses of the year's operation cannot be withheld by the officers for expansion or other purposes, unless the owners of the surpluses—that is, the members—instruct