

It does not belong to a board of directors or to an association. It is the collective savings of those people who, because of their thrift, have joined themselves together to augment the purchasing power of their low incomes.

This is an important distinction, and I wish the minister to try to understand and to deal with it. This is what is referred to as patronage dividends. The minister has expressed some doubt as to the proper word to use, but most people refer to these moneys as patronage dividends. Some call them a return on excess earnings, but the name of that kind of money is not important. The important fact, to my mind, is that it is money, that it belongs to the individual who helped to save it, and that it should go back into his pocket. And not until his individual income reaches the munificent sum of \$755 a year should he pay a tax. When it does—all right, if that is the law. But it is not someone else's money to be taxed in the hands of the cooperative, or in any other hands. It is his money, and should be considered in that way.

The same process takes place in marketing associations. The individual live stock pools, wheat pools, egg and poultry pools, dairy pools and the like, follow the same processes; the same operations take place, the only difference being that they deal with different types of produce.

I believe the minister has shown himself an able man. Undoubtedly he is intelligent. I have not always been complimentary to him, but I can go as far as I have, anyway. Certainly he has intelligence enough to be able to understand what I have said, and not to make a statement such as that credited to him on page 2920 of *Hansard* when, on June 27, during his budget speech, he said:

There are, moreover, a variety of payments in proportion to patronage, which for want of a better term I shall call patronage dividends, the status of which is by no means clear.

"Patronage dividends," I would remind the minister, through you, Mr. Speaker, is an accepted term. It may not be the best one, but it is accepted. Its status is perfectly clear to people who understand the cooperative movement.

As I said before, patronage dividends are the individual savings of people who group themselves together for that purpose. I emphasize again that these cooperatives do not exist and were never organized for the purpose of making profit for the organizations. Their sole purpose is to make savings for their members. Any return on invested capital is purely incidental and has never assumed any important part of their operations.

Complete democracy is the keynote of the organization. But, again, the minister is going to force cooperatives to break that principle. I cannot understand why he would make a statement of this kind, or where he got his information—well, I think I understand, and I might mention that point later on. But it is amazing to me that the minister should make this kind of statement, with the intent of forming it into law:

Patronage dividends should be paid shortly after the end of the fiscal year and on the same basis to members and customers alike.

Let me remind the house of what I said a minute ago, that a cooperative provides a place for democratic control and democratic responsibility. This is an extremely important point to remember when people are dealing with cooperatives. There is a responsibility which comes ahead of the benefits received from a cooperative institution, because first one must agree to come in and accept his share of the financial, operative and governing responsibility. Each member provides his share of capital, takes his share of responsibility, and no member should avoid responsibility. I do not say that some do not avoid it—we are all human. But in the main, members of cooperatives take a pretty close interest in the operation of their concern. I doubt if in Saskatchewan, at any rate, one could go to any cooperative organization and not find every member with at least a fairly clear working understanding of how the cooperative is getting along.

Under the minister's proposal, cooperatives will be forced to give casual customers the same benefits as a responsible member is expected to get. That is distinctly undemocratic. That is like the person who comes to Canada and, without taking out citizenship papers, or accepting any of the responsibilities of citizenship, enjoys all the privileges of our democratic country.

Mr. ILSLEY: Can the hon. member think of any explanation of why the commission, constituted as it was, with Mr. Justice McDougall as chairman, unanimously recommended that the payment of patronage dividends on an even basis to all customers be made a condition of exemption of patronage dividends from the tax?

Mr. BENTLEY: No, I cannot think of any good reason for the commission arriving at that decision. It is a wrong decision so far as cooperative principles are concerned.

Mr. ILSLEY: They were unanimous.