

amount of dividend which would be taxable under the laws of this country, without those dividends ever having come into his hands. He would find, that by by-law those dividends went back into the hands of the directors but the shareholder would have to pay income tax. I do not think that is very democratic.

Mr. FULTON: Would it not be fairer to say it went back into the hands of the corporation.

Mr. BENEDICKSON: That is a better way of putting it.

The CHAIRMAN: Have we any complaints from those individuals.

Mr. GOUR: None from my co-operative.

Mr. ISNOR: I should like to ask the officials whether this is along the lines of the report dealing with the question of co-operatives.

Hon. Mr. ABBOTT: I will leave that matter to the officials, Mr. Isnor. I am not an expert on it.

Mr. JACKETT: I do not think the report got down to that detail. I would not be sure, but I do not think the report dealt with the detail.

Mr. FLEMING: Parliament did not give effect to the full report, anyway. The amendment of 1946 was, really, only a fraction of the extent to which the report proposed to go.

Mr. ISNOR: I think it definitely deals with the question of the payment of cash. I wish to support Mr. Benidickson with regard to it. I think he has presented a very clear picture, as I understand it. I am anxious to discover the purpose of the amendment. It would appear to me as though a special benefit is being given to a certain class of businessmen in Canada.

I am a retailer. We have an income tax form. We have a certain procedure to follow. It is not the same procedure as is being followed in this amendment. I am wondering as to why, if there is a benefit, it is being brought about and accruing to a certain class.

I think I should place on record the fact that we had, in Canada in 1941, about 137,331 retail stores paying under what we call the regular income tax system. Those stores have sales amounting to \$3,440,000,000. They employ 297,000 employees full-time and 95,000 part time. I want to make my point a little later in regard to those figures. They pay, in salaries, \$289,379,500. All of that money was paid out in the way of salaries and wages and, under our regular system, is subject to income tax.

On the other hand, we have five large co-operatives, wholesalers in Canada, who belong to the National Co-operative Incorporated in the United States, whose main business is in dairy equipment, farm machinery, automotive and mechanical production. To those five, I do not wish to refer, as some of my friends do in another group, as combines and monopolies. There are five large outstanding firms connected with American firms who are, apparently, going to receive a special term of income tax benefits.

Now, dealing with just the wholesale firms, we have 1,900 co-operative associations in Canada with a total earning amounting to \$163,467,434; that is a huge business. The members' equity amounts to \$92,455,174. There is a paid up share capital of \$19,580,322. I want to emphasize this point. There are surpluses and reserves of \$73,874,852. There is only one way to arrive at those reserves and that is to build them up from what is left over. They can call it what they like. It is all derived from business operations during a period of years.

Now I say, Mr. Chairman, there should not be any class legislation. There should not be any discrimination. There should not be any favours or favouritism shown as between classes of merchants. You can call them what you like. This is particularly so when they roll up such a large surplus such as I mentioned. I think from 1946 onwards every business firm, no matter what label it operates under, should be taxed on exactly the same principle. Unless