Right there the minister showed that by law he is going to force the cooperatives which are non-profit-making in their operations to declare a three per cent profit on the capital used before they can pay out to their members the proper collective savings. The minister is proposing by law to break two principles in cooperative organization. He is breaking a democratic law by forcing them to pay dividends to irresponsible casual customers the same as to responsible members, and he is forcing the cooperative to become profit-making to the extent of three per cent. That is not in accord with proper cooperative philosophy and it is not in accord with the opinion of people who believe in cooperatives.

As the minister is aware, there are in the world certain governments, there are in this country certain people, some of them possibly quite close to the government, who believe in cooperatives. I should like to quote two passages from the proceedings of the Hot Springs food conference which was held from May 18 to June 3, 1943 and in which Canada participated. I quote:

Whereas:

1. The cooperative movement has been of very great importance in many countries, both to urban and rural populations, especially in agricultural districts where farming is based on small units and in urban areas of low income families;

2. The proper functioning of cooperative societies may facilitate adjustment of agricultural production and distribution, as members have confidence in the recommendations and guidance of their own cooperative organizations, which they know operate in the interests of their members and of society in general;

3. The democratic control and educational programmes, which are features of the cooperative movement, can play a vital part in the training of good democratic citizens, and assist in inducing a sound conception of economic matters.

I recommend those final words to the attention of the minister and his colleagues. Further in the same report we find the following recommendation:

1. That, in order to make it profitable for people to help themselves in lowering costs of production and costs of distribution and marketing:

(a) All countries study the possibilities of the further establishment of producer and consumer cooperative societies in order to render necessary production, marketing, purchasing and other services;

(b) Each nation examine its laws, regulations and institutions to determine if legal or institutional obstacles to cooperative development exist, in order to make desirable adjustments;

(c) Full information as to the present development of cooperatives in different countries be made available through the permanent organization recommended in resolution 11.

In view of that there is no excuse for the action taken by this government, which should understand democracy, which should understand thrift. Our friends the Tories do not believe they understand thrift, but they should understand it. They should understand democracy. If this were a country in which there had never been a cooperative, which had never been exposed to the operations of the cooperative movement, then there might be some excuse. There might be some mistakes made and they might have to appoint a royal commission to decide what they were. But there is no excuse for this country not knowing about it.

I come now to the taxation of cooperatives. I do not know how many people the income taxpayers' association represents, but they say 25,000 cards were sent out. I received 320 cards from my constituency, which has 20,000 odd voters. I received many resolutions from individuals and local organizations urging me to oppose the tax on cooperatives. I have one here from the city council of Swift Current, which reads:

That this council strongly protests against the suggestion contained in literature issued by the income tax payers' association to the effect that the earnings of municipally-owned enterprises be subject to income tax.

I want that known here so that members and the people generally will not think that every city council, just because it is composed of so-called business men, stands for what the income taxpayers' association advocates.

I come now to the retroactive feature. An hon. member has already mentioned this in a casual way. I am going to speak more particularly of the Saskatchewan wheat pool because I know it best. That does not mean that because there are little differences in administrative policy between the pools there is any fundamental difference between all three pools, but being more familiar with the Saskatchewan pool I shall deal with this question from the point of view of the Saskatchewan pool, although what I say will be applicable to all the pools.

I contend that the wheat pool is in every sense of the word a true cooperative association, using the principles of the Equitable Society of Rochdale Pioneers as the criterion. I am aware that some will dispute that statement. But I make that statement; I am prepared to debate it anywhere in Canada, inside or outside this house, and I believe that a reasonable audience that is not prejudiced will see the point.

First, one shareholder has one share and one vote and no more, and remember that to be a member of the Saskatchewan wheat pool you must be interested in wheat and cereal production. As I said, one shareholder has one vote, and only one vote, no matter what his