

lecting millions upon millions of dollars from other taxpayers? How can we justify it? That is what I should like to know.

Mr. KNOWLES: A few days ago we made a bill, amending the Export Credits Insurance Act, brought in by the Minister of Trade and Commerce (Mr. MacKinnon) retroactive to cover up a doubt as to whether or not—

Mr. ILSLEY: Oh, well, that was not a taxation matter at all. This is a matter of equity as between taxpayers, and how can we justify making retroactive legislation or taking retroactive action remitting taxes in one case unless we do it for competitors and for other taxpayers throughout the country? That is the question.

Mr. BENTLEY: I will reply to that question in this way. I am stating my opinion and what I know to be the attitude of the cooperative associations in Saskatchewan, and I believe the cooperatives are right. I have stated that the wheat pools are cooperative associations. I am going to make another statement in a minute, and I will deal subsequently with the minister's question of what he could or should have done about the matter.

I want to summarize the points I have tried to make in the course of this debate; then I will deal with that particular question, and I shall be through.

I have tried to show this house and any who may be listening or who may read this speech that the budget speech proposes to break the fundamental principles of cooperative enterprise; first, by forcing cooperatives to treat non-responsible customers in the same way as responsible members are treated. This is wrong, for democracy requires responsibility before benefits. Second, by forcing the cooperatives to adopt the principle of profit enterprise by demanding a three per cent taxable profit before the savings are returned to the members.

I have also endeavoured to show that the government proposes to discriminate against three cooperative enterprises, the pools, simply because they are now numerically and financially strong.

Now here is the answer which through you, Mr. Speaker, I would give to the minister or anybody who feels there is any justification for his point of view. I know the minister; I know that he has worked hard, and that he has got himself in a difficult position. But he is a member of a government which has been ten years in office; and during those ten years, if it found that there were any organizations in this country operating under the name of cooperatives that were not true cooperatives, it

[Mr. Ilsley.]

had the opportunity ever since 1935 to correct matters and definitely establish the position. Time and again the government has been asked in this house, by resolutions from the country, and I am going to ask now, that it formally introduce a dominion cooperative act defining a cooperative which is not taxable. When the minister does that, when he sets up a statute containing that definition, he will be justified in saying that "anyone who thinks he comes in under that, should we differ from him, will have an opportunity of deciding the point in the courts." But section 4 (p) of the Income War Tax Act states, or at least that is the opinion of a great many, that it absolves these cooperatives. I have tried to prove that the wheat pools never did believe, had no reason to believe, and do not believe to-day that they are taxable under this law, and they should not be forced to come to court, but the government should relieve them of any income tax responsibility in their legislation.

Mr. ILSLEY: Does the hon. gentleman apply that principle to other taxpayers who do not believe that they are liable for the tax which is being asked of them?

Mr. BENTLEY: I will reply to that question although I do not think it is my responsibility. According to the laws of the country as they are interpreted—and I have never broken the laws, or at any rate never been caught breaking them—I say, yes, if under the law anybody is being taxed who legally should not be taxed, he should be exempted.

Mr. ILSLEY: Certainly; we all say that.

Mr. BENTLEY: And I say that under section 4 (p) the pools are exempt. I am not speaking for other organizations; most of them are quite capable of speaking for themselves. But the answer generally is, yes.

Mr. J. G. DIFENBAKER (Lake Centre): I was greatly interested in the address delivered by the hon. member for Swift Current (Mr. Bentley) in which he dealt at considerable length with the experience of cooperatives over the years. His remarks on that subject were most interesting.

I should like first of all to refer to the amendment moved by the member for Muskoka-Ontario (Mr. Macdonnell) and the subamendment moved by the C.C.F. The member for Muskoka-Ontario moved, among other things, that:

This house regrets that:

(1) That the budget does not provide for tax reductions in the calendar year 1946;

(2) That the budget gives no indication of any serious attempt to eliminate extravagance or effect economies in the cost of government;

(3) That the policies of the government are discouraging much-needed production.