ment across Canada. On the basis of a few moments hearsay it is pretty difficult for anybody, even for some backbenchers of the government party, to discuss these matters intelligently.

There are a number of items, of course, which we should like to discuss in detail. Perhaps I could deal with some of them briefly in passing. I refer to such matters as the increased tax rates on small businesses, which the minister mentioned previously and the proposed capital cost allowance which will affect the housing industry in Canada and agriculture because of the basic herd system changes. Perhaps some of the amendments deal with these matters. They are important, Mr. Chairman. However, since we will have an opportunity, I suppose, to speak again, because we are in committee of the whole, perhaps some of the matters which we should like to speak on this afternoon could be left until the appropriate clauses are discussed.

I repeat that I am glad to see that the minister has voluntarily made changes for the better with respect to the taxation of credit unions. I know that a great many of my colleagues thought—perhaps not all—that the original proposals were unfair. Myself and a good many members on all sides of the House were entirely opposed to the original changes regarding the tax on credit unions. They were inequitable and crude and struck a death blow at an institution that has done much to help ordinary people help themselves. As most hon. members no doubt know, most of the work done by credit union members is voluntary. The credit unions have taken many innocent victims out of the hands of the loan sharks. They have a great place in Canadian society and I am glad the minister has to some degree recognized this fact. We shall better understand the amendments after we have had a chance to study the newly proposed tax changes with respect to credit unions.

Notwithstanding any technical or substantive changes the minister may have made in this bill, the legislation as proposed still ignores one thing—the principle of growth as it relates to the budget. Of course, a budget can do a number of things. It can promote equity in our society. That, I understand, is what the minister's budget purports to do. This is very important. In the main, proposals such as exempting people in the lower income brackets from income tax are very commendable. We all agree with them. Nevertheless, budgets are supposed to do other things as well as making our society more equitable. They are supposed to raise money. These provisions will certainly raise a great deal more money. Nobody knows quite how much more. Some people estimate that the government will raise about $100 million more, others that it will raise between $500 million and $600 million more. We are not told what this money is for. Perhaps it is for more staff for the Prime Minister or for the ministry—who knows? In any event, we need an explanation as to where this money will go. Some people think this extra money will be spent in different regions of our country. We shall have to wait and see.

A budget is also supposed to promote growth in the economy. Some people put it much more simply; they say that instead of dividing one small melon into smaller and smaller pieces for everybody, it might be better to make the melon grow so that everybody can have a little more. That aspect of the budget, namely, the incentive for growth in the economy, in business, has been almost completely ignored. Only the equity principle seems to prevail.

In this regard it is clear that the London School of Economics and its patron saint, the late Lord Keynes, apparently have had a tremendous influence on our Department of Finance. I studied economics at two institutions during the 1930s and know that the "in" thing was to accept the Keynesian view that the equity principle was of overriding virtue. That may have been true of society in England in the 1930s because growth in that economy was not the paramount thing. The U.K. economy at that time was stagnant and any change in it would have been a change for the better. Unfortunately, some people who have been trained in a certain school of economics accept the principles of that school as dogma, no matter what changes may occur as to time and place. At present the gross national product of Canada is lagging far behind that of other industrialized countries. At the same time, our country has enormous resources and great room for expansion.

• (3:50 p.m.)

Canada should be wanting an expansionist economy. Instead of that, we are not treated to anything but the principles of equity. In other words, we are keeping the small melon and dividing it into smaller and smaller pieces, instead of making the melon grow bigger or having two or three melons. There is nothing like that in the budget. If the government were wise it would ask some of its financial advisers to shake themselves out of the principles of equity. You cannot ignore something that is absolutely essential. The government should tell them to take off Lord Keynes' mantle and the mantle of the London School of Economics generally and do a little rethinking. If they cannot do that, the government had better get rid of them.

I cannot help making a passing comment with regard to the policies apparently promoted by colleagues to my left, the members of the New Democratic Party. The white paper proposals eventually came out after modifications which are involved in this tax bill. As I understand it, the present financial spokesman for that group stated that the only thing wrong was that they did not go far enough.

Mr. Orlikow: Hear, hear!

Mr. Nesbitt: I am glad to hear one of the members of that party say, "Hear, hear". I thought it may have been the financial critic. It was very much like the remarks made the other day by the Ontario leader of the New Democratic Party. If he had his way the pulp and paper mills would be taxed right out of business. How that would help unemployment, I do not know.

Mr. Orlikow: When did he say that?

Mr. Nesbitt: I heard that the other morning on a paid radio advertisement for the New Democratic Party. He said his party would greatly increase taxes on corporations, the pulp and paper industry in particular. If any industry in Canada is on the ropes today, it is that one. There are a great many reasons, some of which cannot be controlled. That is hardly a sensible thing. If you kill the goose that lays the golden egg, or plow the field in which