balance of payments situation and to keep a tight rein on inflationary pressures.

Let us test the proposals of the Minister of Finance in the light of these objectives, these targets. First, what of employment? The budget must be examined, of course, in the totality of government policy. It is an integrated, cohesive part of a positive, dynamic program of action to meet the problem of unemployment, seasonal, technological and chronic.

The increase in the bracket for the low rate of 21 per cent on corporations from $25,000 to $35,000 will provide an immediate spur, a further incentive to expanded economic activity. Since this government came to power in 1957 the low bracket has been enlarged from $20,000 to $35,000, and now 55,000 of the 62,000 corporate taxpayers in Canada pay only the low rate. What more positive evidence of the concern of this government for small business could be cited? What a triumphant fulfilment of the Prime Minister's election commitments to the smaller businesses of this nation, the very great bulk of which are wholly Canadian owned.

When one couples this with the enactment earlier this session of the small business loans legislation, providing government guarantees of bank loans to small business, the enactment last session of the amendments to the Combines Investigation Act, so bitterly fought by the opposition, but which restored to small merchants adequate safeguards against unfair competition, and with the establishment of the small business branch of the Department of Trade and Commerce, the pattern of government policy is crystal clear. This government is the friend, the ally, of the progressive small businessman of Canada. It seeks to have him grow and prosper, providing secure employment and a stable community.

Then the new proposals for double depreciation are of high significance, first in areas of high unemployment and, second, generally across Canada in the development of new products and new processes. The objects are to broaden the base of our industrial output; to assist in the balancing of our productive capacity; to strengthen our secondary industry now in need of a spur to renewed activity, and to assist in what is a major, indeed, the most fundamental, goal of this government—the achievement of a higher degree of processing of our own raw materials here in Canada both for our own market and for export. The government has provided the incentive; the challenge is passed on to industry itself. Here is the opportunity. Here the chance for new ventures, for a pioneering spirit in industrial production.

These tax and fiscal measures must be examined as part of the program already placed before the house—new assistance to housing, including urban renewal and slum clearance, loans for university residences, loans and write-off for municipal sewerage installations, new aid for vocational training, establishment of a productivity council, a greatly expanded winter works incentive program. These and other measures still to be presented, coupled with the proposals in this budget, constitute the most massive program to combat unemployment ever proposed by a Canadian government and, indeed, by any other government, for most of these proposals are original, one might say indigenous to Canada.

I am not so optimistic as to believe that magic wands have been discovered in this program which when waved will cause the problem to disappear immediately. What I do say is that this government's actions are a sincere, honourable and intelligent grappling with a dislocation, part of which is seasonal, more of which is technological, all of which will respond only to a variety of treatments.

But, if we are to have a balanced development, we must increase the volume of Canadian savings available for Canadian development. To that problem the Minister of Finance has addressed himself in a realistic manner. The great pools of capital today are with the pension funds, the investment companies, the mutuals and the insurance companies. When mated with the legislation forecast in the speech from the throne regarding the investment policies of insurance companies, the proposals in this budget will provide the incentive to these institutional investors to place the bulk of their investment in Canadian enterprises. And so they ought. The trend to diversification of portfolios in foreign markets has not been a healthy one for our economy, and if these companies, which the Minister of Finance aptly styled conduits for individual investment, wish to enjoy the advantages of low tax rates, then they should participate in the fullest measure in channeling Canadian savings to Canadian development. This is not nationalism, it is just plain common sense.

A basic encouragement to individual savings is the proposal to repeal the 4 per cent surtax on investment income from Canadian sources. Canadians can avoid this surtax by investing in the future of Canada. If they want to invest in the future of some other country, let them pay the tax. Canadians must generate more capital within Canada. We need more savings by Canadians, the marshalling of those savings into capital and the wise investment thereof in Canada. Part of