

There is a further note to the effect that since yesterday, the League of Red Cross Societies has launched an international appeal for emergency assistance in the stricken areas. It will be recalled that the Minister of State for External Affairs, the Honourable Mark MacGuigan, announced yesterday that \$100,000 had been set aside as an initial Canadian contribution. Today, he is announcing that the \$100,000 contribution will be released immediately to the League of Red Cross Societies for emergency relief efforts in the devastated areas. In a statement, which I understand he is making this afternoon in the other place, he will say:

I wish to assure the House that we are in close communication with the Italian government and the Red Cross to determine the nature of any further emergency assistance required.

EARTHQUAKE DISASTER—ASSISTANCE TO VICTIMS

Hon. Lowell Murray: Honourable senators, before Senator Bosa left I wanted to draw the attention of the minister to a motion that was passed unanimously in the other place yesterday on this subject, on the initiative of Mr. McDermid (Brampton-Georgetown), urging the Secretary of State for External Affairs to consult urgently with the Italian government as to the special and immediate needs of the victims of the earthquake of the Naples-Salerno area of southern Italy, and that the minister report to the house at the earliest opportunity and advise the house on the ways in which the Canadian government is able and willing to render assistance; further, that the government consult with the many Canadians who wish personally to assist the victims of this earthquake and provide special programs which will allow the people of Canada with special ties to Italy to respond in an urgent and generous manner through airlifts, emergency relief and reconstruction. As honourable senators will be aware, efforts in these directions are being made by private groups throughout the country now.

Perhaps the minister will, first of all, want to associate himself and all of us in this chamber with both the spirit and the substance of that motion, and, secondly, to undertake to keep the Senate informed, as the Minister of External Affairs is required to keep the House of Commons informed, as to the efforts being made.

Hon. Raymond J. Perrault (Leader of the Government): Honourable senators, my office is in continuing contact with the Secretary of State for External Affairs and his departmental officials, and we have requested that information, as it becomes available, be made available immediately to honourable senators. That will be done, and has been done.

Canada, with a long record of humanitarian activity in efforts to help alleviate tragedies of this kind, is in contact with Italian authorities, and Canadian help will be extended to assist those who have survived this immense human disaster, one which appears to be well beyond the dimensions at first anticipated.

THE ECONOMY

EXCHANGE VALUE OF CANADIAN DOLLAR—GOVERNMENT SUPPORT

Hon. C. William Doody: Honourable senators, I have a question for the Minister of State for Economic Development.

I understand that the Canadian dollar yesterday fell below 84 cents U.S., while the bank rate, the prime rate, is still climbing. I remember a year or so ago the minister's loudly denouncing what appeared, as one listened to him, to be a continual increase in interest rates. I wonder whether, now that the situation has changed, if it is the policy of the present administration to continue with these interest rate increases, and is it the policy of the government to continue these injections of funds with the object of supporting the Canadian dollar, or is there a ceiling or level at which the government feels that it has to stop?

Hon. H. A. Olson (Minister of State for Economic Development): Honourable senators, my friend knows very well that what he is asking is partly within the responsibility of the Minister of Finance, but mostly within the direct responsibility of the Governor of the Bank of Canada. I am sure he also understands that announcements in advance as to what actions will be taken to allow the market to float, and therefore directly affect the dollar or, indeed, any influence they may have on it with buying and selling in the market, is something that they do not announce in advance.

Senator Doody: As a supplementary to that question and perhaps for clarification, may I ask if the governor of the central bank reports to the Minister of Finance on these matters? Is not the Minister of Finance the final arbiter of interest rates, or has that situation changed?

Senator Olson: No, the situation has not changed.

Senator Doody: As a further supplementary: Last week the Minister of Finance—and I assume that this is a policy decision that is made by the Economic Development Committee of which my friend is the chairman—announced that Canadians should expect a decline in real income during 1981.

The dollar has fallen below 84 cents U.S.; interest rates are climbing; unemployment is up; and inflation is still on the rise. My understanding is that the response to all these indicators is that we have to wait for an upturn in the United States economy.

Does the minister know of any particular Canadian policies that may be put into effect to try to counter these rather frightening trends?

Senator Olson: Honourable senators, the Canadian government, at least since March 3, 1980, does indeed have some policies that will be helpful to the Canadian population in these areas. I think it has been demonstrated over and over again that, while we cannot isolate ourselves from our trading partners, we have done better than most in all of the areas my honourable friend mentioned. I think we can take some satisfaction, as Canadians, that Canada is doing better than most other countries considering these economic factors.