

Senator Forrestall: Honourable senators, to the best of my knowledge, no, that would not happen. There might be incidental increased costs at the provincial level with respect to the implementation of zoning provisions, but not increased costs directly to the municipalities, as far as I can see. Again, I would urge senators who have very legitimate questions like this to avail themselves of the opportunity to monitor or take part in the committee hearings.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the questions raised by Senator Grafstein touch on some of the aspects of this bill that I think require some study. Particularly, I have some notes that indicate that many take the view that the initiatives in the bill should include measures to divert traffic from overcrowded airports such as Pearson to other areas. There would be a beneficial result of such measures, namely, economic growth in certain areas. At second reading, we are only speaking of the principle of the bill, and we support the principle of the bill.

My recommendation will be that we give Bill C-5 second reading now and send it to the committee, providing we have an undertaking that it will receive study and will not bounce back here within a few days. I am a bit uneasy about some of the bills that we have moved along expeditiously and sent to committee. We see them as bills that require careful study by the Senate. They require the exercise of that important constitutional function of the Senate to seriously consider bills of this kind, to study any disadvantages that may result from their passage, to give opportunity for criticism, and, of course, to scrutinize them to ensure that there are no mistakes.

Could we have some assurance from the government that this bill, if we allow it go to committee now, will receive some study and not bounce back on us within a week? In fact, I would like to have the assurance that the bill, if it goes to committee, will receive serious study and will not be back in the Senate before the Christmas adjournment. The committee will then have the opportunity of using the intervening time to study the bill carefully and to give attention to some of the questions that we have raised. If we have that assurance, then I recommend that we give Bill C-5 second reading now and refer it to the Standing Senate Committee on Transportation and Communications.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I cannot give assurance as to how the committee will proceed on this bill. I certainly can give assurance that it can take all the time it needs. If it is not here by Christmas, we will look at it again when we return from our break.

Senator Frith: The chairman is here.

Hon. Finlay MacDonald: I can give you the assurance, Senator Frith, that you will not be hearing the committee report before Christmas.

Senator Frith: Put the motion, then. It is a pleasure to do business with you, senator.

Motion agreed to and bill read second time.

[Senator Grafstein.]

REFERRED TO COMMITTEE

On motion of Senator Forrestall, bill referred to the Standing Senate Committee on Transport and Communications.

THE ECONOMY

EFFECTS OF GOVERNMENT POLICY—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Olson, P.C., calling the attention of the Senate to the economic chaos created by the government in its pursuit of lower inflation and high interest rates.—(*Honourable Senator Everett*).

Hon. Douglas D. Everett: Honourable senators, I would like to inquire with you for a moment whether it would be possible to lower the exchange rate on the Canadian dollar in terms of the U.S. dollar—whether there is a case for that, and whether it can be done without inflationary consequences.

The stance of the central bank as articulated by Governor Crow is that his sole target is price stability. Therefore, he has embarked on a restrictive monetary policy. The results are that the Canadian dollar is at the level of 88 cents in terms of the American dollar; that the three month rate on Treasury Bills in Canada is 7.21 per cent versus 4.38 per cent in the U.S.; that 30-year bonds in Canada achieve a rate of 9.16 per cent versus 7.7 per cent in the U.S. Over the average of the 1980s the Canadian dollar is up 5 per cent as against its major trading partners, but when you look at the average in the United States it is up over 10 per cent, and of course the bulk of our trading is done with the United States.

• (1540)

So what is the fallout of that policy of the Central Bank and Governor Crow? First of all, everybody knows that our export industries are suffering. Since 1989 we have lost 300,000 manufacturing jobs, and manufacturing output is down by 14 per cent. Our primary producers who depend on exports are hurting. An example of a primary producer is the prairie farmer. The cost to the prairie farmer of the dollar being at \$.88 instead of \$.80 is some \$400 million a year. That \$400 million we have to meet through government subsidies. It is a fact that a 1 per cent decrease in the exchange rate equates to a 2 per cent change in farm income to prairie farmers. So what I am saying is that if the Canadian dollar were to be reduced from \$.88 to \$.80, it would do more than any negotiation that we could conclude successfully with the GATT.

Not only are we suffering difficulty with our exports, we are finding that imports are cheap and are increasing. In addition, we have the problem of cross-border shopping. The combination of those two factors has created a situation in which retailers are suffering mightily. If you take 5 or 10 per cent off the volume of any business you can be sure that the profits are either thin or nonexistent. You will have noticed today in the *Globe and Mail* that over 500 stores in ladies' wear retailing have gone under this year.