

*Railway Act*

seem to be an understanding of what costs will be incurred in the future, what speculative risks we are getting into with corporations like CNR and EDC when they have unlimited borrowing capacity in the private sector market. How much speculation is involved in borrowing in Arabia, Switzerland or in the United States with the variable exchange rate that we have? Is there to be no accountability to parliament or to the committees that are trained to oversee these things? Are we just going to give carte blanche approval and authority to a corporation whose management could change and then we have another runaway situation to be debated 10 or 20 years down the road on another recapitalization? That would be to our everlasting shame.

The company is in good shape now. It has overcome its problems and is earning a profit. It does not need this cancellation of a phony \$808 million debt in order to get back to ratios that allow it to sweep up the closets of the banks. Apparently CN is not prepared to earn its ratios. It wants big daddy, this government, to keep giving it ratios, as it will do now for the third time.

What is going to be the rate at which they indulge in new capital expenditures? I have not seen anywhere in this booklet current budgets, medium-term budgets, five-year budgets and long-term budgets to show its spending projections. Is the government, on behalf of the people of Canada, asking this corporation in this 1978 recapitalization to give us some projections and some commitment that this is where we are going and what we are going to do? They have already had a big stimulus to their cash flow in the recent budget by having the depreciation allowance increased from 6 per cent to 14 per cent. This is all working capital that is available to them now out of earnings. Why are they rushing for this? Could it be there is some kind of a deal with the CPR that we are going to put the CNR in a position where its profits are going to be so big it has no choice but to cut rates? Is it going to be possible for trucking lines and subsidiary companies in the marketplace to be able to compete with the CNR under this new structure?

These are questions that we have to sit down and talk about, think about and get back into committee where we can get some answers. Let us have some five-year, medium-term budget projections and find out what the long-term goals are. Let us see what the new objectives are for the CNR. Without that we are on a very dangerous wicket tonight if we allow this bill to go through, instead of waiting another six months to have some of these questions answered.

Nothing is going to change for the CNR. They are in good shape; they are doing a good job and they have things going for them right now. They do not need this bill right now. When we did the same thing for Air Canada, they immediately turned around and bought up another airline, or tried to. I hope they do not get it. They cry about the burden on their operating system by having feeder lines out that they have to operate in too lavish a manner, with all this most expensive equipment and staffing in outlying airports; but independent lines get along with farm tractors and wagons and do not get

[Mr. Huntington.]

involved in all this malarkey of high overhead and everything else.

May I call it ten o'clock, Mr. Speaker?

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## PROCEEDINGS ON ADJOURNMENT DEBATE

[English]

A motion to adjourn the House under Standing Order 40 deemed to have been moved.

### EXTERNAL AFFAIRS—NEGOTIATIONS ON PROPOSED FLOODING OF SKAGIT VALLEY, B.C.

**Mr. John A. Fraser (Vancouver South):** Mr. Speaker, it is too bad that I have to be raising this issue again tonight. The issue that I raise is the potential flooding of the Skagit River valley in British Columbia by the raising of a dam on the American side by Seattle City Light. It is regrettable that I have to raise this matter in the House of Commons of Canada because, despite the fact that hardly any Canadian would for one minute tolerate the flooding of this valley to supply power for the city of Seattle—which is in the state of Washington, United States of America—this issue is not yet resolved.

On November 2, 1973 this House very graciously co-operated with me as an opposition member and unanimously endorsed the following motion:

● (2202)

That the House of Commons of Canada is unalterably and unanimously opposed to the flooding of the Canadian Skagit River valley which will result from the proposed city of Seattle project to raise the height of the present Ross dam situated in the state of Washington and downstream from the Canada-United States border; and

That this House further resolves that the government of Canada deliver the text of this resolution forthwith to the government of the United States of America, the government of the state of Washington, and the council of the city of Seattle.

I want to make it abundantly clear that the issues which have led to this complex and difficult situation, so far as the relations between this country and the United States of America are concerned, are not easy to comprehend. They stem from an order made by the International Joint Commission in 1941 which purported to give to the city of Seattle the right to raise the water on the United States side, which would flood the Canadian side.

There are many serious difficulties which arise when one considers whether that order was valid, but we are in the dilemma of not having a court to which we can take those difficulties. As a consequence, and to make a long and complicated story shorter, the issue now is how we can stop the flooding and at the same time try to provide to our friends in the United States some of the power they say they need in the Pacific Northwest.