

Hon. Mr. FERGUSON—I ask the hon. gentleman to think over this for a moment. The words used in the Act of 1903 were very important words. Their insertion had a distinct and clear meaning. Does any one suppose that those words came in there by some clerical error? They involved a very important principle and a principle which I think the longer it is discussed the more clearly it appears that it is right. Now there is no question in my mind that that change was not made in the Act of 1903 without very careful consideration, and there must have been some very good reason for putting it there. The hon. gentleman who had charge of that Bill in its earlier stage was Mr. Blair; he was a very able man. He had been Minister of Railways for many years and had very able assistance in his department. Mr. Hansard, the law officer of the department, was a very experienced man, and these words were put there in his time, and we cannot come to any other conclusion than that they were put there with due deliberation and for good reason. Now it is proposed to remove these words, and my hon. friend does not know that any harm has arisen from their being in the Act for five years.

Hon. Mr. SCOTT—Because there is not a lawyer who knew they were there. If you look at the mortgages filed in the Secretary of State's office, you will see that they do not include this exception.

Hon. Mr. FERGUSON—My hon. friend says that nobody knew these words were there. Two years ago the hon. member from De Salaberry introduced a Bill in this House to remove these words. I think most people knew they were there by that time, anyway, if nobody knew it before. Are we to suppose that able lawyers in Canada and elsewhere, negotiating the sale of bonds railways, never looked into this change of the law and did not know up to this time that the change was made?

Hon. Mr. SCOTT—Yes.

Hon. Mr. FERGUSON—I cannot accept that, because I think it is so very unreasonable. The hon. member should not expect this House to accept it without some evidence in support of it. Now, after five

years' experience, we find an application made to this parliament to change the law. Does not the hon. gentleman think it necessary for those who are pressing for this change to show some harm that had arisen through the existence of these words in the Act? They do not show that any harm has been done, and, therefore, it seems to me that there must be some particular instance that has arisen in connection with some railway, perhaps a matter of very little importance to the general public, and yet it must be for some such reason as that that this change is proposed. I want to point out that the change of the Act in 1903 made the Act sensible, which it had not been up to that time, and which it will not be if this amendment is passed. The amendment of 1903 puts government taxes—municipal and provincial government taxes—before the bondholders' interest. Now we are proposing that we will put a part of the working expenses of a railway, the government and municipal taxes—in a position of inferiority to the interest of the bondholders. I know the hon. Secretary of State made a very strong statement yesterday about that. He said: Oh, no, the taxes would be all right. They may be, under the British North America Act, but that only shows what kind of legislation we are attempting here when we are putting up a Dominion statute to interfere with the British North America Act. Refer to paragraph No. 34 of section 2, and run down to letter (e) in that paragraph and you will find it includes as working expenses 'all rates, taxes, insurance, and compensation for accidents or losses,' and this Bill puts them in a position of inferiority, secondary to the payment of the bondholders' interest.

Hon. Mr. SCOTT—Every property is liable for taxes, of course.

Hon. Mr. FERGUSON—But my hon. friend is declaring by this Bill which he supports, that the bondholders' interest is to have priority over taxes.

Hon. Mr. SCOTT—Nothing of the sort.

Hon. Mr. FERGUSON—My hon. friend shakes his head.

Hon. Mr. SCOTT—Yes, I say nothing of the sort.