

they have put into it. Now in order to prevent these failures, which existed in the past, in the payment of ordinary debts for wages and supplies which went into the construction of the road and made it valuable, the committees of this parliament have over and over again, when a Bill to affect the sale of or amalgamation of any of these companies with another company is introduced, one of the first questions asked is what is to become of the creditors of the old railway company? And over and over again, a clause has been inserted in the Bill compelling the new company to pay these creditors in order to enable them to effect the sale or amalgamation which they were about making? There is no doubt about that being the practice. Anyone who has listened to this discussion must have come to the conclusion that the exemption of the property and assets of a railway from liability to those who furnish the companies with supplies, would affect to a very great extent the capitalists who desired to invest in the bonds. While that may be the fact, should they be in any position to prevent other creditors who have supplied that which was necessary to carry on the work from securing their pay? That is a point which strikes me very seriously.

Hon. Mr. DOMVILLE—Quite right.

Hon. Sir MACKENZIE BOWELL — I would suggest that we should allow this clause to stand, so that we may look more closely into the law at present on the statute-book, and ascertain the reasons which induced the government to insert these two or three words in the statute.

Hon. Mr. CASGRAIN—I move that the committee rise, report progress, and ask leave to sit again.

Hon. Mr. DOMVILLE—It looks to me like creating a preferential class of ownership. Why not apply the same principle to factories and so on, and say that these concerns need not pay any of their men? Why not say that these poor fellows who have worked and built the road should not be paid at all?

Hon. Mr. SCOTT—Can they interfere with a mortgage on the property? You

would destroy public credit, by adopting such a principle.

Hon. Mr. LOUGHEED—May I point out to the hon. gentleman from De Salaberry that when this Bill was before the Senate in 1903, my hon. friend took charge of this particular clause and strongly urged upon the House the necessity of making the property and assets liable for the creditors' claims. If I may be permitted to read one remark which he made, at page 834 of the 'Senate Debates,' I will show that my hon. friend was extremely anxious that the property should be held liable for all municipal taxes.

Hon. Mr. SCOTT—It would be liable under any circumstances for that.

Hon. Mr. BEIQUE—I know it was a surprise to me later on.

Hon. Mr. LOUGHEED—I will read one statement of my hon. friend's which, if I can construe it properly, means that he was very much in favour of the clause then being submitted by the government:

Railways must be sold and treated as one property and by diverting part of the railway as is provided for in this new subsection, it would open the door to these frauds that in giving security to a creditor by leaving out some of the property, forming part of the railway, a railway which would be foreclosed under the security, would be dismantled. This clause should be carefully guarded to provide against anything of the kind—dismantling a railway.

I must say that the statement is not as illuminating as I thought, but it would signify that my hon. friend was of opinion the property should be held as security for the creditors.

Hon. Mr. BEIQUE—The hon. gentleman may find me at fault, but I will give him this assurance, that when the Railway Act of 1903 was passed, I never noticed the change that was made from previous Acts in connection with that matter. It was a surprise to me. My attention was called to it some months after.

The motion was agreed to.

Hon. Mr. OWENS, from the committee, reported that they had made some progress with the Bill, and asked leave to sit again to-morrow.