

than it is to-day. It is impossible to expect capital to come in and take a mortgage on a railway subject to all the exemptions my hon. friend has stated. A mortgage on a railway should be like a mortgage on any other property. If I have a mortgage on a farm, the working expenses of the farm, the payment of wages to the men, &c., would not be a first lien.

Hon. Mr. LOUGHEED—In the construction of a building, the wages of the men employed in the work of construction would take precedence of a mortgage, under the lien law.

Hon. Mr. SCOTT—That is under a provincial law giving special privileges to the men employed in putting up the building, but that is an entirely different case from this. If this amendment were adopted, it would weaken Canadian securities abroad. We must borrow money abroad. I do not hesitate to say there are hundreds of millions of dollars in mortgage bonds held on the good faith of the Parliament of Canada not weakening the security, and I venture to add this, that if a proposition such as my hon. friend has suggested as a proper one, were acted upon, he would not get any capital advanced.

Hon. Mr. LOUGHEED—I am dealing with the law as it is to-day. Why did not my hon. friend show the same solicitude for the bondholders in 1903 when we passed the Bill?

Hon. Mr. SCOTT—I have no knowledge of it whatever. If I had I would certainly have opposed it, because I think the concession in favour of the non-bonded creditors is ample, and they ought not to interfere with the substantial security the capitalist has. Without their being heard from, are you going to take away a security that they regard as sound?

Hon. Mr. LOUGHEED—We do not; your government has done it.

Hon. Mr. SCOTT—No, I do not think a member of the government ever knew about this—ever heard of it. I understand from the hon. gentleman in charge of this Bill that he has questioned the Law Clerk who

drew up the Act of 1903 and he cannot recall any conversation about it. He repeated the words because he saw them in a former sentence, without attaching meaning to them in the sentence under discussion. I should object to any amendments calculated to weaken the security of the bondholder. It is a clear breach of faith. I have looked over the mortgages filed with the Secretary of State, and the form used is under the old law—all the mortgages are. I am not prepared to say that if we make the change it would affect the interests of any of the mortgagees. It speaks of the law as it will prevail when this amendment is given assent to. The first opinion I formed after reading it was that it was the law the court would have to recognize and they could not see that the bond was issued before it.

Hon. Mr. FERGUSON—My hon. friend has ventured the opinion that if this law of 1903 had been in operation for forty years before, we would have very few railways built in Canada.

Hon. Mr. SCOTT—I spoke of the comments of my hon. friend from Calgary, which went further than the proposed change in the Act of 1903.

Hon. Mr. FERGUSON—Does my hon. friend undertake to say that the operation of this law, as it was amended in 1903, has interfered with the sale of bonds or with the building of railroads in Canada?

Hon. Mr. SCOTT—It certainly would—

Hon. Mr. FERGUSON—Not 'it would,' but has it?

Hon. Mr. SCOTT—I cannot answer that question, because the man who put his money in a railway believed he got a mortgage as he understood it. The law relating to mortgages has prevailed for centuries, and when a man has a mortgage on property, nobody can come in and cut him out of it.

Hon. Mr. FERGUSON—No law that was passed was retroactive in any sense whatever. My hon. friend seems to think these words in the Act of 1903 crept in without the knowledge apparently of anybody.

Hon. Mr. SCOTT—Yes.