

*Income War Tax Act*

explained yesterday, the government has certain priorities. We have priority over all unsecured creditors in case of insolvency. The government, by merely filing an assessment in the Exchequer court at the end of the time during which the taxpayer may appeal, may obtain an immediate judgment which binds the property of the taxpayer as soon as it is placed in the hands of the sheriff. We have ample security now, and I admit frankly as the ex-Finance Minister (Sir Henry Drayton) says, that it would have been just as well if this lien had not been put on.

Mr. COOTE: How will this affect the amounts that are now due the treasury? Will it do away with the lien that exists for a debt?

Mr. ROBB: There is no lien yet. This was only to come into force in the fall.

Mr. BAXTER: There is something more perhaps that may be said on the subject. I do not want to take up much time, because I really think the House should have passed this without discussion. But among lawyers there is considerable doubt as to whether the bill would have the effect that it is commonly supposed to have. Not long since I happened to be present during the arguing of a case in the Supreme court where, upon another older taxing statute, there was a very interesting discussion. No judgment has been rendered yet, but the argument was put forward very strongly that measures of this character only create what one of the judges termed a hovering charge, something that could only be made applicable when the government took some action. I cannot possibly anticipate the decision of the court, but I can say that there is a difference of opinion among lawyers, and no man is in a position to say to-day that this does create such a charge as we want to remove. But there is the danger that it may and surely not only the business world but every man who has any transaction with regard to real estate or any property ought not to be left in a state of uncertainty as to the law. It is far better to repeal this and be clear and know where we are at.

I might add to the illustration the minister gave that it is not merely the case of mortgages whether taken by a loan corporation or not, but if the act does apply immediately as a charge, it applies where there has been an actual sale by one man to another and full payment made, and the man who thinks he has bought the property has taken over an unknown and unascertained obligation from another. That is one possible view of the act, and if it is pushed to its extreme limit, that would be the effect. I did not think

[Mr. Robb.]

when it was up before that anyone in Canada wanted legislation of that character; I do not think so to-day, and I think the House will do its work best by getting rid of this legislation as quickly as possible.

Mr. MEIGHEN: Having been opposed to the original legislation, I am naturally in favour of its repeal. I inquire of my own self how the minister, who acknowledges that we had ample security already, explains how he ever came to pass this legislation. While I am on my feet may I ask if the minister, as the responsible trustee of the treasury, has ever calculated how much this country would save, how much this parliament would save in time, if we did not have to correct the blunders of this government.

Mr. ROBB: I have spent a little time correcting some blunders of my right hon. friend as well as my own.

Mr. MEIGHEN: He made some changes, but he has changed them all back again.

Mr. CAMPBELL: Do I understand the minister to say that under the law as it is at present there is automatically, without any registration, a lien created on the property?

Mr. ROBB: No. I said the federal government has priority over all unsecured creditors. We are privileged creditors.

Mr. CAMPBELL: Would not another creditor taking a mortgage on the property be quite secure unless there was anything prior registered against it? Do I understand the Finance department has a claim without registering anything against the title?

Mr. ROBB: That would be the effect.

Mr. GARLAND (Bow River): Could not the same argument be used in the case of defunct banks owing money to the government as is now being used in this case by the minister? If you open the door to this, is it not possible to carry it to an extremity and exempt such banks from repaying the government?

Mr. ROBB: I would not think so.

Section agreed to.

Bill reported.

#### BUSINESS OF THE HOUSE

Right Hon. W. L. MACKENZIE KING (Prime Minister): I might explain that it was the intention of the government to proceed early this afternoon with the second reading of Bill No. 181 to amend the Railway Act. My hon. friend the leader of the Progressives (Mr. Forke) has asked that we should