

Mr. ROBB moved that the House go into committee on the bill.

Motion agreed to and the House went into committee, Mr. Gordon in the chair.

On section 1—Lien for income tax repealed.

Mr. GOOD: I wish to repeat my suggestion now that the bill is in committee, namely, that it should not go out of committee until we have had an opportunity to incorporate in it any further amendments that may be suggested to the Income War Tax Act. Otherwise we shall be in the curious position of introducing two bills in the same session to amend the same act. There are no objections to this particular amendment, but I think it is premature in view of the probability of the offering of further amendments a little later.

Mr. ROBB: As the session is getting well along, and as there appears to be no objection from any part of the House to the repeal of this section, I suggest that the bill be allowed to go through. We shall be prepared to consider whatever recommendations are made to the House by the committee on Public Accounts, but in the meantime I do not think it is wise to delay this legislation.

Mr. COOTE: Will the minister inform the committee just what this lien covers?

Mr. ROBB: It covers everything—a prior lien.

Mr. COOTE: On the assets of the person assessed—is that it?

Mr. ROBB: I understand so, yes.

Mr. COOTE: And this removes the lien entirely?

Mr. ROBB: Yes.

Mr. COOTE: Was the provision necessary in the first place, or in what respect is the condition different now?

Mr. ROBB: I am not going into a discussion of that. I think it is wise now to repeal it.

Mr. COOTE: I would like to get the reason why it should be repealed. I do not think any reason has so far been given.

Sir HENRY DRAYTON: I sincerely hope that this bill will be passed. The provision which it repeals is a clog on business; it holds up applications for loans, particularly in the west; it places a mortgagor in the position of not knowing where he stands. The repeal is asked for from every section of the country. Simply because the government was wrong two years ago, should we now object to their getting themselves right in one instance? I

am quite willing to admit that the government are generally wrong.

Mr. COOTE: All I am trying to find out is why it is being asked for. That has not been stated.

Sir HENRY DRAYTON: The reason is simply as I have stated it. There is no proper way of handling this thing from Ottawa. A man may be fortunate in this year's crop and he may have \$5,000 to invest. He searches the title of the property on the security of which he proposes to make a loan and finds that it is perfectly clear. After he has made that investment, that loan, a certificate may be mailed from Ottawa conveying the information that a whole lot of income taxes constitute a prior lien against that property. It was an extraordinary, unnecessary, arbitrary and ill-considered measure. The government appear now to be in a moment to calm and considered thought, and we should take advantage of that and get rid of this legislation.

Mr. GARLAND (Bow River): Is it not true that the whole effect of this legislation will be to give to commercial mortgage companies a prior lien instead of to the government?

Sir HENRY DRAYTON: No.

Mr. GARLAND (Bow River): Well, it maintains their lien and disposes of the government's lien. I would like to have an explanation from the minister.

Mr. FORKE: I agree with the views of the hon. member (Sir Henry Drayton) in regard to this matter, but I think the committee is entitled to some explanation from the minister of just what it means. I know what it means, because I have been familiar with this thing at a previous stage of my career. Undoubtedly the legislation is wrong and constitutes an interference with private contract. But will the minister tell us just what the amendment involves.

Mr. ROBB: I will give my hon. friend an illustration. Suppose I bought a property from my hon. friend and had only \$1,000 to pay him, and he took a mortgage for \$5,000. If later on it was discovered that I owed the government \$6,000, the government would have priority over that mortgage for \$5,000, and my hon. friend who had sold me that property in good faith would be out his money. We feel that would be unjust to lenders in good faith. It is injurious to debtors also, because it works against them borrowing money and being treated leniently, and it is also bad for the national credit. As I