

would have the right to collect for the land expropriated, if he wished to do so.

Mr. GERMAN: If the mortgage was due, he would have the right to collect it, but not otherwise, unless there was a clause in the mortgage providing that any change of ownership would give the mortgagee the right to collect. If I sell to the Solicitor General a farm which has a mortgage on it, the mortgagee cannot collect the amount of the mortgage unless there is a provision in the agreement that any transfer gives him the right to collect.

Sir THOMAS WHITE: Suppose expropriation proceedings were taken and my hon. friend represented an unsecured creditor for a large amount. My hon. friend could take out an order for a receivership. Does he not know that when an order for receivership is taken out, having regard to the terms of the mortgages securing the underlying issues of the Canadian Northern, the principal becomes due and payable and the whole of these companies can be thrown into liquidation. That is what we are trying to avoid.

Mr. GERMAN: That of course, is beyond the comprehension of any man who knows what would likely happen. They may have that legal right, but you would get the property without any difficulty. In my opinion, there would be no difficulty from that source.

Mr. MEIGHEN: There could not possibly be any greater difficulty. Every man with a claim would force liquidation. His mortgage would become due. What was worth fifty cents the day before liquidation would be worth \$1 and the Government would have to pay it.

Mr. GERMAN: Not at all. The Solicitor General is quite wrong. The Government would be the owner of the property subject to the mortgages that were against it. If there were any unsecured creditor who thought that the Government was offering less for the property than the property was worth, he could undoubtedly institute proceedings. That would not necessarily put the whole matter into liquidation.

Mr. MEIGHEN: Not if we paid up the debt.

Mr. GERMAN: Not at all, because the judge of the Exchequer Court would immediately proceed under the expropriation proceedings to ascertain the value of the property, and as soon as he had done that, his decision would be final, and it would

cut out all the unsecured creditors. There could not be any difficulty of that kind at all. Any unsecured creditor could, if he saw fit, appeal from the decision of the judge of the Exchequer Court to a judge of the Supreme Court, as to the value of the property.

Mr. MEIGHEN: That might be the end of it, but what about any man's claim in respect of which he could at any time throw the company into liquidation, and immediately liquidation proceedings are instituted, liquidation follows. At the same time, the bondholders have a right to their money and can call upon the Government for it.

Mr. GERMAN: How?

Mr. MEIGHEN: If all the claims, unsecured and otherwise, could be paid, then everything would be paid just the same as now when we are taking over the stock.

Mr. GERMAN: My hon. friend is bringing up a question which could not possibly arise and which only emphasizes the difference between the Government's proposition and the proposition which I think they should adopt. I presume the Government purposes forcing through their proposition as they have outlined it. The best, most proper and quickest way would have been the expropriation. The Prime Minister said yesterday in reference to these land grant bonds that the \$21,000,000 or thereabouts, which is a liability against the Canadian Northern Railway company, is not secured on the property of that company.

Sir ROBERT BORDEN: Only on the land.

Mr. GERMAN: Only on the land. If the Government take the physical property of the Canadian Northern Railway company, they would not be bound to pay that \$21,000,000, because they took the property. That money is not secured on that property, and the holders of those bonds would be relegated to the land on which they have the security and that would be all, except that, as the Solicitor General says, they could bring an action for the liquidation of the company, and that is the only remedy they would have.

Sir ROBERT BORDEN: By expropriation proceedings, does my hon. friend mean that he would dismiss altogether the unsecured claims against the property?

Mr. GERMAN: No.