

All such tolls, rents or annual sums as are paid in respect of the hire of the rolling stock, &c.

That is only one line, and there are a great many other things. Now, a company has been selling bonds, and it has been hiring rolling-stock. Under the condition of the law existing the lessor of the rolling stock would have priority over the purchaser of bonds. Now, you propose, by changing these words, to invert this order of things and put the holder of bonds in a position ahead of the vendor of rolling-stock? Would it be right for this parliament to change the status of these two classes of people having dealings with the company? Why should the interest of the bondholder be more sacred than the rights of the man who rents rolling-stock to the company? If hon. gentlemen will look at the Railway Act, and read the interpretation clause, and see what is involved in working expenditures, they will understand what I mean. The Bill may be right, but I have grave doubts as to whether it would be correct legislation on the part of this House to change the status of those two classes of people, those who sold material to the company, and those who had a prior claim—to take that prior claim from them and give it to those who had only a second position at the time the transaction was made. I think the matter is of sufficient importance at all events that we should look more carefully into it before we adopt that provision.

Hon. Mr. BEIQUÉ—It would not have a retroactive effect. If there were such rights created as the hon. gentleman has suggested, it would not affect those rights. It would be merely for the future. The meaning of the law will be merely that for the future, from the time of the passing of this Act, the working expenditure will not rank before the bonds of the property and assets of the company, except the rents and revenues of the company. The Act will not have the effect of changing the rights of any person in the period extending from 1903 to the coming into force of this Act. It will have effect only after the passing of the Act in the future. The claims for the sale of rolling stock will be protected in other ways. Those claims

Hon. Mr. FERGUSON.

will not be affected by this Act. I gave some attention to that point a few years ago, and I cannot understand that a law of that kind has been allowed to remain on our statute-book. It is a serious matter for bondholders, and it will very seriously affect the sale of bonds.

Hon. Mr. CASGRAIN—My hon. friend will know that when railways acquire rolling stock, they generally have to pay cash. If a railway wants to buy locomotives, or any kind of rolling stock, they have to pay cash. If they do not pay cash the locomotive is simply handed over to the company, or to the trustees of the bondholders, but remains in the name of the manufacturer, and any amount paid on account thereof is only considered as money paid for rent, and if they are not sure of getting their pay, the locomotive is generally marked 'rented to such a company by such a company.' Therefore if an execution is levied on the road, these locomotives can be removed and cannot be attached by any seizure. There cannot be any hardship upon the manufacturers of rolling stock, because they do not part with their stock till they get their money. But with regard to the bondholders, who have a first mortgage on the property, if the law should put some charge between the first mortgage and the property then the railway company will find some difficulty when they try to dispose of bonds. This provision must have been put in the Act by mistake. I interviewed the gentleman who drafted the Bill, and he told me that he had no recollection of the matter.

Hon. Mr. LOUGHEED—I suggest that it was put in advisedly, for this reason. Previous to 1903 a creditor, be he an employee of the road, a working man or any other individual occupying the status of a creditor, found it practically impossible to recover his debt from the railway. In what way could he have redress as against the rents and revenues of the road? But since the passing of that Act, immediately a creditor has a claim against the road and obtains judgment, he seizes some of the rolling stock and that is a tangible and well understood way of recovering his claim.