

as the Minister of Railways and Canals can take possession of lands on the new Welland Ship canal. He begins his expropriation proceedings—he does not wait to have the value of the lands fixed—and the moment he begins those proceedings the title to the land is vested in the Crown and the Government can begin operations on it at once. If the parties cannot agree as to the value of the land, the matter is left to the decision of the Exchequer Court. There is no reason why the same proceedings should not be taken with regard to the Canadian Northern Railway system. There would be no delay; indeed, it would be a quicker transaction than the present method, because the Government, by virtue of their right of eminent domain, would become the owners of the property the moment they began expropriation proceedings.

Mr. BURNHAM: Who would provide the operating staff?

Mr. GERMAN: The operating staff would be provided by the Government just as they propose to provide an operating staff now. There is no difference.

Sir THOMAS WHITE: I understood my hon. friend to say that he was in favour of the Drayton-Acworth report. Does he not know that what he now suggests as to taking immediate possession of the system and operating it is opposed in the recommendations of the Drayton-Acworth report?

Mr. GERMAN: The Drayton-Acworth report recommends that the Government take over the property, but not by purchasing the stock.

Sir THOMAS WHITE: I wish to correct my hon. friend; he is entirely wrong.

Mr. GERMAN: The Drayton-Acworth report says that the stock has absolutely no value and that Mackenzie and Mann have by law no right to any compensation. If any compensation is given, it is a matter of charity; it is an equitable right which they may have if all things prove to be in accordance with their hopes. The Drayton-Acworth report simply says that the Government should take over this property. In that the Finance Minister and myself differ; but I shall refer the House shortly to the words of the report. I contend that the proper way to acquire ownership of this road is by expropriation proceedings. When they begin expropriation proceedings of any kind, the Government state the amount that they are willing to pay for

[Mr. German.]

the property. There are a large number of mortgages—whether you call them debentures, debenture bonds, debenture stocks or debentures of any kind, they are mortgages against the Canadian Northern railway system—securing the people who have advanced money for the construction of the road; and those mortgages are registered against the property. There is no mystery about that; the mortgages are there, and their total amount is easily determined. If the Government thought that Mackenzie and Mann were entitled to any honorarium by reason of their years of work they could add the total amount of the mortgages to the amount of the liabilities against the company. They could simply say to the Canadian Northern Railway company: here is \$450,000,000; we will pay that for the property. That amount is to cover all the legitimate liabilities against the property. What would then happen? The Government would immediately become the owner of the property. If the Canadian Northern Railway company did not see fit to accept the \$450,000,000, the matter could go to the judge of the Exchequer Court and the valuation be there determined. If they did accept the \$450,000,000 the Government would see to it that that money went to the security holders. But the minister says: under that plan you would assume greater liabilities. I submit that you would not be assuming any liabilities at all. The men who now hold mortgages against the property would be perfectly willing to allow the mortgages to stand. They are not anxious to get their money; in fact, the money is not due. The Government takes the property subject to the mortgages and when the mortgages are due they will attend to them. Suppose the Government is expropriating farm lands for canal purposes. Suppose the land is worth \$10,000, and there is a mortgage against it for \$10,000; and suppose the owner is further indebted to Tom, Dick and Harry around the country in very large sums of money. The Government expropriate the land and they say: we will give \$10,000 for it. They do not necessarily have to pay the \$10,000, because the mortgagee is perfectly willing to let his mortgage stand there if the Government is willing that it shall so stand. Simply because they have expropriated the land and are liable to pay the \$10,000, they are not liable to pay all the other indebtednesses of the owners of that land.

Mr. MEIGHEN: The hon. gentleman will admit that the party who held the mortgage