

creditor. When this Order in Council is approved by Parliament it will become of the validity of an Act of Parliament, and its effect will be determined in accordance with its provisions, and not otherwise.

Mr. McKENZIE: I quite understand the minister now. The position which I take, speaking for myself alone and not for any party, is this: I do not for one moment admit that the Government have any jurisdiction to do what they have done in this matter, unless we validate their action by Act of Parliament. The Government are simply mortgagees in possession and are in exactly the same position as a mortgagee in possession would be in without foreclosure. If the third, fourth, or fifth, or even the first, mortgagee goes into possession without foreclosure he assumes all the encumbrances on the property. Every lawyer sitting around the Minister will admit that that is good law and unless we validate by Act of Parliament the action of the Government, I am afraid that any judge would say they had assumed the responsibility when they took over the property. For a creditor of the Company might say: If you had let the Company go on it would have paid off my liability, but as you have prevented that you must pay the money that is owing to me. Of course if there is to be legislation whereby we put ourselves in the place of a receiver and take all our instructions from the judge, that is a different matter. If the Government are going to put the road up to auction and will only pay what the road brings at auction that puts it in a different light entirely. But the Minister did not in his very excellent speech this afternoon tell us that that was going to be done. If the Minister will tell this House that all the steps that a receiver would take under the orders of a court of this country are to be taken by the Minister of Railways and Canals, and that the country will only pay for this road what it brings at auction, I have no fault to find. But I do feel we had no business to step in and take hold of this property and make ourselves liable for \$200,000,000 when, as hon. gentlemen have frequently told us, the property is not worth it. With the liabilities away above what the property is worth we are certainly not making any bargain.

Mr. ROBB: This afternoon I drew the minister's attention to a statement he made with regard to branch lines, as to whether the provinces had prior rights over the Dominion. The minister promised to clear the point up and let the House know where we

should stand in regard to branch lines that are a part of this system. I think he forgot to mention that this evening.

Sir THOMAS WHITE: The position of the Minister of Railways is receiver for the Grand Trunk Pacific Railway Company, including the branch lines. His position is not different from that of a statutory receiver, and the rights of all parties are preserved. The rights of the provinces as guarantors are preserved and remain under the several instruments or trust mortgages under which they can claim. The receiver must take his orders from the Exchequer Court. Just as the rights of all other parties are preserved, so are the rights of the Dominion Government preserved. It is open to the Dominion Government to enforce, by permission of the courts, any rights which it has as creditor, or as guarantor, or as mortgagee under the first mortgage or afterwards. There is no question as to the Receiver's position. His duty is to conserve, operate, and act under the orders of the Court. My hon. friend the leader of the Opposition this afternoon called attention to the Winding-Up Act. The Winding-Up Act concerns the liquidator. It is the duty of a liquidator to bring a business to a termination and to sell, but the duty of a receiver is to conserve, operate, and carry on.

If hon. gentlemen will observe the terms of this resolution, they will find the jurisdiction of the Exchequer Court is really enlarged, the intention being that the operation of this railway system, being, as it is, in the national interest, shall be continued under the orders of the Court, and that in all orders which the Court shall make it shall have regard not only to property rights but to paramount national interest.

Mr. ROBB: Perhaps I did not make myself clear. Is there anything to prevent the provinces which have priority rights on branch lines from foreclosing and selling the branch lines to others, thereby leaving the Grand Trunk Pacific without feeders?

Sir THOMAS WHITE: If default occurred under the terms of the mortgages securing the issues which they have guaranteed, the provinces could make application to the Exchequer Court, of which application they would have to give written notice to the minister, who would appear by counsel at the hearing. The Court in determining what should be done would take into consideration, under the terms