

through the reports of this discussion, that we are going to take away certain rights and powers that bondholders held anterior to 1903, we are going to damage the credit of Canada very seriously. Over 75 per cent of the money that has built the railways of this country has been borrowed abroad. Surely we ought to keep faith with the men who advanced this money, and whatever the condition of the law was when that money was advanced should be preserved until the bonds are paid.

Hon. Mr. LOUGHEED—Bonds negotiated prior to 1903 would not be affected by this legislation, because it would not be retroactive. It certainly did not affect the rights acquired prior to the passage of the Act; it only affects bonds negotiated subsequent to 1903.

Hon. Mr. SCOTT—The effect of the law as it now stands would be this, that the bonds would not command the same value, because in the money market if there is a feeling that those bonds are not secured by the substantial property of the company, they are worthless. If claims that were not a lien on the property of the company can come in and be preferred to the mortgage, the bonds are valueless.

Hon. Mr. BEIQUÉ—Working expenses accruing before 1903 would not take rank on the property before the bonds, but any working expenditures subsequent to the passing of the Act of 1903 would take rank and affect, therefore, the lien of the bonds.

Hon. Mr. CASGRAIN—If the hon. gentleman from Calgary will look at section 138, he will see that it is simply a mistake in drafting. In the third line of clause 138 it says: 'Such properties, assets, rents and revenues of the company.' And then: 'Provided that such'—it should be rents and revenues—but whoever copied it put in the words: 'Such property and assets.' Those words should not have been repeated. I think it was a mistake in drafting the clause. Surely such a radical change would not have taken place in the Railway Act without some discussion in this House. I looked for such a discussion in this House, and there was a discussion on the Bill—

Hon. Mr. LOUGHEED—The government surely could not have made such a serious mistake as that?

Hon. Mr. CASGRAIN—This was making a very radical change with regard to the bonds. I do not know that it is right for me to say it here, but I have had an interview with the officer who drafted the Bill, and he told me that he had no recollection of it at all. Evidently these words have been repeated inadvertently in the clause, and by striking them out we shall restore the law to where it was before 1903.

Hon. Mr. FERGUSON—I do not think the hon. gentleman is right in saying that these words were inserted inadvertently in 1903. I have not had my attention called to this subject until the debate arose, and I will not be able to make the references I should make in order to come to an intelligent conclusion in regard to the matter. I am speaking from recollection, but I think the change was made in 1903 to harmonize the general law with the contract made with the Transcontinental Railway Company. The first mortgage to secure the bonds was described in the Act as not to include rolling stock and things of that kind. There were exemptions made. Although it was called a first security, there were large exceptions made, and if I had time I could show what they were. This is a Bill that should not be passed without the very fullest consideration, for this reason; it may be confiscation. It is giving the bondholders a priority. I take it, the point made by the hon. gentleman from Calgary is correct, that whatever was done under the Act of 1903 was not retroactive. It did not refer to bonds in existence up to that time, and the provision in the Consolidated Act of 1903 will only refer to bonds issued since 1903. These bondholders have a certain security. Then the companies have been going on making contracts with other people, as well as selling bonds. Among other things, they have been renting rolling-stock. If hon. gentlemen will look at the interpretation clause of this Act they will find that working expenditure is described, and that it includes a great many things, among others the following: