

three additional holidays, and they proclaimed a moratorium, subsequently ratified by legislation, under which the maturity date of bills of exchange which had been accepted prior to August 4 were postponed for one month. They stood ready to suspend the Bank Act. That was the situation that existed in England by reason of the crisis that prevailed at that time. In France a moratorium—because the word 'moratorium' is applied to the proclamation itself—was brought into effect. The public mind, therefore, has been prepared for this general moratory legislation. While personally I should be the last to bring any such legislation into effect unless it was imperatively necessary in the interests of the public, at the same time I believe that this general legislation should be upon the statute books of all countries. My hon. friend has said that so far as indebtedness is concerned, it is better that debtors should be put to the inconvenience even of what might be regarded as oppressive legal procedure in a critical time; that it is better that that should be done than that legislation of this character should be put into effect, with its disturbing and deranging influences. I should be disposed to agree with my hon. friend in so far as his expression of opinion relates to what might be called ordinary contractual indebtedness throughout the country. The courts of the land are able, through the power which they have, to delay actions, and, by their control over costs, to prevent undue advantage being taken, and I assure my hon. friend that no mere pressure in connection with ordinary indebtedness would cause me to bring into effect this extraordinary legislation. The question however, is much wider than that; on the second reading I shall be glad to tell the House what was done in Great Britain and the effect it had upon Canadian acceptors of bills and upon corporations and others whose securities were payable in London.

It was very fortunate, so far as Canada was concerned, that this happened in the month of August. The moratorium proclamation in Great Britain applied, as I have stated, with certain exceptions, to bills of exchange accepted prior to the outbreak of war, and it was afterwards extended to all payments maturing under contracts, with certain minor exceptions. But it was specifically made not to apply to debts owed in Great Britain by parties, firms or corporations resident or having their chief place of business outside the British Isles. The result was that Can-

[Mr. W. T. White.]

adian and other companies and individuals who had obligations to meet in London during the month of August were not entitled to the benefit of the moratorium, and on the other hand were by the moratorium put in the position that they were unable to obtain payments which were due to them by their British debtors during the period of the moratorium. So far as parties outside of Great Britain were concerned, then, they had to pay, but the parties who owed them in Great Britain were not obliged to pay; the moratorium postponed the obligations. I may say that save as to accepted bills of exchange, financial houses of London practically ignored the moratorium, and declined to take advantage of it. By reason of a splendid stroke on the part of the Imperial Government, whereby they guaranteed the Bank of England on discounts of all acceptances prior to the outbreak of war on August 4, the situation has been very much eased, and at the present time there is comparatively little inconvenience from the moratorium so far as Canadian interests are concerned.

Mr. PUGSLEY: How long does it last?

Mr. WHITE: Until September 4, one month from August 4.

Mr. PUGSLEY: Then it ceases?

Mr. WHITE: Unless it is further extended. The effect of the moratorium was to postpone for one month the maturities of bills of exchange which had been accepted prior to August 4. But British financial interests practically ignored the moratorium except in so far as it affected acceptances, and the action of the Government has greatly relieved the situation. I made the most careful inquiries through the office of the acting High Commissioner as to the effect the moratorium would have upon the obligation of Canadian companies to provide interest, sinking fund and principal payments during August. August, fortunately, is what we call an off month financially. Very few interest or sinking fund payments fall due in August, and principal payments usually mature on July 1 or January 1. In another thing Canada was fortunate. Canada is a drawing nation, and Great Britain is an accepting nation. Many of our financial institutions had accepted bills of exchange in the usual course which had gone forward from Canada or New York. The effect of the moratorium was to postpone those payments which fell due prior to August 4 for one month. Under the law and on the authority of a decided case