

prosperity sets in, the losses both of merchants and banks ought to be very largely diminished. The mention of "losses" to merchants and banks very naturally leads up to the question of

AN INSOLVENCY LAW.

A very general feeling has arisen in the country that we have been without a general insolvency law long enough. The last insolvency law was repealed many years ago by universal consent, and for a considerable time with beneficial results. Failures diminished, and as debtors had not the opportunity of easily settling with their creditors by force of law, a far more healthy condition of business supervened. But for some years back the abuses connected with the absence of a law (and there are such abuses in plenty) have brought the subject again to the front. This state of things had full weight a year or two ago, when the late Government, under the lead of Sir Mackenzie Bowell, allowed a bill to be introduced into Parliament on the subject. This bill received most careful consideration in all its details, both from boards of trade and from the Association of Bankers, and in nearly every particular but one or two it was made so (by amendments here and there) as to be satisfactory to all parties concerned. If the Government intend to bring in a bill this year, they could not do better than to take the last draft of that Act as a foundation to build upon.

But there are two or three points in every Bankruptcy Act round which the whole question finally turns. By far the most important of these is as to the terms on which a debtor shall be discharged. All experience has proved that every Insolvency Bill hitherto in force has been an encouragement to insolvency. Every one of them might have been entitled "A BILL TO PROMOTE INSOLVENCY," for that was the effect of them—the last one particularly. Under its provisions it became an object with a large class of persons in the community to persuade traders to enter into insolvency, and thus settle with their creditors on much more favorable terms than paying their debts in full. These persuasions were effectual beyond all doubt, in hundreds of cases, where persons were perfectly solvent. For the law enabled any man who embraced its provisions to get a settlement with his creditors on paying them fifty cents on the dollar. The discharge clause, certainly, was hedged about with restrictions intended to prevent its abuse; but these restrictions proved to be mere cobwebs in effect. The grand tempting bait of a fifty cents in the dollar settlement, and a resulting heavy profit, was dangled before the eyes of the whole trading community, and numbers of them succumbed to the temptation who were able to pay their debts in full. As to the restrictions, they proved to be only like the clauses in an Act of Parliament through which, as it was boasted, a coach-and-four could be driven. They broke down in practice altogether. The powers of a fifty cent discharge proved irresistible, and the spectacle was witnessed all over the country, of dishonest traders who had made settlements at that figure, underselling neighboring merchants who had paid their debts in full. This was the real cause, though it has sometimes been stated differently, why the abuses of the old Act became so rampant that it was repealed by general consent.

Now the Act introduced a year or two ago contained the very same objectionable figure of fifty cents, and no one doubts who understands the position that by this time we would have had as scandalous a crop of abuses as we had under the old Act. What is required in the case is this: that the discharge shall be fixed at so high a figure that it will be *no temptation to any solvent man to avail*

himself of the Act. Whether 75 cents will be high enough, or 80, or 85 cents, may be a matter on which there is difference of opinion. But the great principle must be kept in view that the Act should not be an encouragement to insolvency. It should not enable solvent men to pay their creditors less than they owe. Far better to have no Act at all than to have one that opens the door to such an abuse as a solvent man buying back his own estate at half of what it is worth.

Any Act will of course provide that no discharge at all shall be granted where there has been fraud or scandalous negligence, or preferences without due consideration, or neglect to keep proper books, etc. About these, however there is generally little differences of opinion. The English Bankruptcy Act may fairly be taken as a model with respect to these matters. The question of ranking is one on which perhaps more difference of opinion will arise than on any other. The English Act contains no section on the subject; which apparently leaves the matter to be settled by the provisions of the Common Law.

From a conflict of views some sort of a compromise may probably be effected. Of course, the preferential assignments which are the scandal of legislation in the Lower Provinces will be abolished. If no Bankruptcy Act is passed by the Dominion, the Local Legislation covering a proper distribution of insolvent estates might effect the same object.

ABSTRACT OF BANK RETURNS.

31st December, 1896.

[In thousands.]

Description.	Banks in Quebec.	Banks in Ontario.	Banks in the other Prov's.	Total.
Capital paid up	34,819	17,291	9,621	61,731
Circulation	15,963	11,358	5,774	33,095
Deposits	97,807	76,821	30,255	204,883
Loans, Discounts and Investments	118,717	84,681	37,429	240,827
Cash, Foreign Balances (Net), and Call Loans	37,959	26,833	10,524	75,316
Legals	7,233	4,884	3,109	15,226
Specie	3,927	2,870	1,796	8,593
Call Loans	4,763	7,590	1,678	14,031
Investments	7,056	13,497	4,742	25,295

31st December, 1897.

[In thousands.]

Description.	Banks in Quebec.	Banks in Ontario.	Banks in other Prov's.	Total.
Capital paid up	35,308	17,334	9,647	62,289
Circulation	18,514	13,546	5,935	37,995
Deposits	112,459	87,375	32,682	232,516
Loans, Discounts and Investments	119,282	88,387	38,795	246,464
Cash, Foreign Balances (Net), and Call Loans	53,886	36,139	11,867	101,892
Legals	8,674	5,590	3,462	17,726
Specie	3,820	2,799	1,649	8,268
Call Loans	6,976	10,816	2,068	19,860
Investments	10,226	20,203	5,044	35,473

Government Savings Banks

Montreal City and District Savings Bank

La Caisse d'Economie, Quebec

Loan Companies, 1897

Bank Deposits

Total Deposits of all kinds

GOVERNMENT CIRCULATION.

Small

Large

\$24,570,309

Gold held, \$12,989,984 = 52.87 per cent.

—An agreeable effect of the general prosperity of the Manitoba farmers this year is noted by the Portage la Prairie *Liberal*. This is the manner in which money is being paid into the rural municipalities for taxes. The total sum collected in that municipality last year was \$34,166.02, and the payments of taxes in the month of December were fully \$4,500 in excess of the aggregate collections for the corresponding month of 1896.