

THE INSOLVENCY BILL.

VERY few insolvents are found among the booksellers, stationers and fancy goods dealers—still the fact that an Insolvency Act to apply to the whole of Canada is likely to be enforced has aroused considerable interest. The bill is still in committee, but may pass the Senate before this reaches the hands of our readers.

On May 1st, Hon. Mackenzie Bowell in opening the discussion on the bill said that five principles brought out by the discussion with the representatives of the Boards of Trade and Bankers' Associations should first be considered and an opinion expressed on them. They were: 1. That the distinctions made by the bill between traders and non-traders should be done away with; 2. That a trader may be put into insolvency only by his creditors and not on his own application; 3. That all incorporated companies be included under the provisions of the bill; 4. That a receiving order may be issued on the affidavit of a creditor instead of a petition by creditors; 5. That the official receiver shall not be eligible for the liquidatorship. Each of these principles was affirmed.

It was decided to make the clause deferring the application of the act to include all debtors except banks, railways, and companies to which the Winding-Up Act applies; incorporated trading companies, however, being transferred from the provisions of the Winding-Up Act to those of the Insolvency Act. The clause respecting the minimum rate on the dollar at which composition and discharge may be granted, was amended to make the minimum figures 66 $\frac{2}{3}$ cents, instead of 33 $\frac{1}{3}$, and as originally provided by the act. It was definitely decided that the interim assignee cannot be confirmed as liquidator. There were some strong objections to merchants being allowed to assign book debts in advance, but this was allowed to stand over.

There is one clause worthy of consideration.

(c) The following by the trader to the petitioning creditor or if two or more creditors join in the petition, the aggregate amount of debts owing to the several petitioning creditors amounts to not less than two hundred and fifty dollars.

This clause should be altered to have the effect that a single creditor petitioning to have a debtor put into insolvency should have a debt of \$500, or if a combination of creditors, the combined amount should not be less than \$1,000. We suggest this because we do not desire to see any retailer put into insolvency simply because some small firm with whom he may have had a misunderstanding has a claim against him of \$200 or \$300. At the same time as such a claim as this is pressed, a larger firm, with a better understanding of the situation and a better acquaintance with the debtor, might be willing to extend the debtor's line of credit rather than restrict it.

Another clause which bears rather hard on the debtor is clause 34. The clause en-

acts that a postmaster may be ordered to send all the insolvent's letters for three months to the receiver or liquidator, and be opened by him in presence of clerk of court and insolvent. This is an unwarrantable interference with a man's private liberties, and is one which cannot be defended. The ideas of freedom in the middle ages are not the ideas of the people of to-day, and some of the sages who help draft the bill would do well to take notice of the fact. Anything which gives the slightest suspicion of interfering with that liberty which makes men men, is bound to rouse opposition of a desperate sort. Parliament should avoid even the appearance of such an undesirable thing as this, especially when nothing can be gained by such procedure. Moreover, it is as miserable treatment as could be meted out to the worst criminal, and a debtor who cannot pay his debts is not necessarily a criminal—the assumption should be that he is not.

The act of 1875 was repealed because the official receiver was an intolerable expense, yet clause 23 seems to be reviving this class with their great chances to charge fees. These receivers should be in existence, but they should not be allowed to hold the estate more than ten days, and should not receive more than \$25. The bill provides that the first meeting of the creditors must be held within twenty days. This should be ten, and still the time would be sufficient to enable notices to be sent to all American creditors. The amount the official receiver is to get for his services should be fixed by scale, and his duties should be two: (1) To guard the estate until the liquidator takes possession, and (2) to call a meeting of the creditors. The official receiver will necessarily be appointed by a party government, and all the experience of the accumulated decades of the nineteenth century points to the fact that give the party appointee an inch and he will take a yard. There is a danger, too, that pettifogging lawyers may get the positions and use them to stir up law suits, or cause unnecessary expenditure by lack of mercantile knowledge.

On this point there is seemingly a difference of opinion. The boards of trade would have the official receiver simply the guardian of the estate until the creditors of an insolvent can be called together to appoint a liquidator. The bankers desire that the official assignee should have power to carry on the business, and proceed with the preliminary steps for liquidation. They have in view the treatment of large insolvent concerns, such as manufacturers, to which suspense is a serious loss, whereas the boards of trade looks to the liquidation of estates of merchants, which do not suffer so much from delay. We cannot see how the banks justify their opinion, and believe that the boards of trade have the better view of the matter. Experience will bear out our judgment.

On the whole the bill is a very desirable one, and every broad-minded merchant will

be glad to see it become law at once. The necessary amendments can be made afterwards.

LOCAL VS. CITY TRADE.

MANY merchants in towns and villages feel very much chagrined and disappointed when they see their fellow townsmen sending daily to "the city" for fancy goods, books, etc., instead of patronizing the men who are the mainstay of their town. It is exceedingly lamentable to see a conscientious, upright merchant in a small town doing his best to give the people in his vicinity a chance to inspect a full range of the season's novelties, and then when they have fully inspected his stock, got a general idea of what they ought to buy, they send for samples to "the city," and finally order from there.

We do not proclaim that "to the local victor belong the spoils," but we do maintain that the people of a town are following their own best interests when they patronize their home trade. Every store in a town pays a certain amount of rent, taxes, gas bills, etc., and the wages of employer and employee will amount to a snug sum every year. Another store occupied increases the price of real estate. Another store and one or two houses occupied means less taxes on other property. Another store occupied and competing for trade means an increased number of visitors, rural and civic, and an increased circulation of money in this and a dozen different ways.

The merchants of a town are its backbone, and take them out of any town, and in three months it will be as dead as the proverbial "door nail." They are the sap of the town, and give it activity and life. One live merchant is worth ninety-nine retired farmers. Merchants talk up the town; they draw manufacturers into it; they draw residents; they invest money in it; they help it in a thousand ways.

There is no legitimate method for causing the people to keep their money from the city stores except by an education of public opinion. Let each country merchant affected by this practice reproduce the sentiments and ideas expressed above in his local paper, and keep hitting the practice in this way, and most people will have either their patriotic feelings or their shame aroused, and the custom will be weakened. In discussing such matters with his customers a merchant must argue calmly and disinterestedly, as any show of anger or wrath will but arouse opposition. The cultivation of a proper esprit du corps in the community will do much to centre all trade in that community.

Collections from the Northwest continue very poor, and jobbers and manufacturers are not pushing sales in that direction as strongly as they might otherwise do.