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"THE TRADE."

Wyld & Darling Bros.,  
TORONTO.

THE MONETARY TIMES,  
AND TRADE REVIEW.

TORONTO, CAN., FRIDAY APRIL, 13 1877

### THE ADMINISTRATION OF INSOL- VENT ESTATES.

A proposal to form an association among wholesale houses in Halifax, with the view of scrutinizing more closely the affairs of such of their customers as go into insolvency, finds favour. It is proposed to compel the winding up of insolvent estates, with the view of driving the insolvents out of business. The weeding process is considered necessary as a means of getting rid of superfluous traders, whose failure is taken as a proof of incompetency. Another object is to employ a competent person to examine and report upon insolvent estates, with the view of winding them up in such a way as to yield the largest dividends; and if the examination discloses evidence of fraud, or strong grounds for suspecting fraud, it will be his duty to see that the criminal does not escape punishment.

Hitherto the condition of insolvent estates has not, as a rule, been submitted to keen scrutiny. The creditors, who have lost their money, often shrink from an investigation that would be attended with trouble and expense; and so long as it is no one's business to make a full examination, it is not likely to be made. In some cases, where inspectors are appointed, their duties are discharged in a merely perfunctory manner. When, a few days ago, the question of appointing official inspectors was before Parliament, Mr. Blake remarked that it would be better to appoint some per-

son interested as creditor; and the proposal which has been made at Halifax is in accordance with this idea. If the movement in that city attains the object, it will not have been made in vain. There can be no objection to the inspector being a creditor, but he should be rigidly prevented from becoming a purchaser of the stock on which he puts a value. As a trustee, he should be bound by the rule which prevents a trustee from becoming a purchaser of the estate, in respect to which he acts. In the absence of this prohibition, there would be a temptation to place on the estate a value that would suit the interested purchaser, rather than the maximum which it would probably bring under the influence of competition, if a fair valuation had been made.

That there is an excessive number of traders in Canada is admitted; the proportion even exceeds that in the United States, and the consequent undue competition not seldom annihilates profits and induces bankruptcy. But the causes of excessive competition between retailers are not to be found altogether among themselves. The competition among wholesale houses not unfrequently leads to an unhealthy forcing of business and credit is given to men who are unworthy of it, on account of incapacity, inexperience or lack of moral stamina. So long as goods are forced on any retailer, who puts up a sign in any town or village, bankruptcies must occur. The pressure or the desire to get bankable paper is probably the great inducement to thrust credit on persons undeserving of it; but whatever the cause, there can be but one result—a swelling of the list of insolvents. The undue facilities for obtaining credit by retailers is responsible for a large share of the bankruptcies. Inflation, in every form, leads, as a natural result, to collapse. The bulk of bank capital, compared with our shrunken volume of commerce, is abnormally large; and the use made of Government deposits is one of the most active agents of inflation.

If, to use an American expression, we would touch hard-pan, the whole scale must be revised or compressed. It is the undue inflation of credit that encourages adventurers. And when the collapse comes in detail, it is generally mere folly to attempt to re-inflate the broken bladder. Winding up insolvent estates, is a sharp process, though it is generally necessary. If almost any solvent estate, were suddenly and peremptorily sold out and a certain percentage of the customers become unable to pay from a stoppage of their usual means of credit, it would hardly cut up well. But the dividend which winding-up tends to reduce is

better than a dividend still farther reduced by additional losses and a second failure.

A thorough inspection of bankrupt estates would not fail to detect the rare cases in which a compromise would be the best thing, and the prevention of delapidation would result from an arrangement which the attendant circumstances made judicious. The Halifax suggestion, if carried out there, will no doubt be adopted elsewhere. Of course, when it is known that many creditors could not be induced to take much interest in the administration of insolvent estates in which they were interested, it is not to be supposed that they will, all at once, show a general interest in cases in which they are not specially concerned. But if the suggestion of Mr. Blake, that some creditor be entrusted with the duty of inspection and paid performing it be carried out, the affairs of insolvents will pass under a more wholesome scrutiny. Still it must never be forgotten that, unless the undue expansion of credit be curbed, insolvency will continue to be rife. The cure to be real must be radical.

### LIFE INSURANCE IN CANADA IN '76.

We are indebted to the courtesy of Mr. Cherriman, the Insurance Superintendent, for advance sheets of his report for 1876 relating to life Insurance; and we acknowledge the ease and pleasure with which the results, comparatively with last year, are reached, by means of the table showing the "increase or decrease of items." The following are the totals for the years named:

Year.	No. of New Policies.	Amount of New Policies.	Premium of Year.	Amount at Risk.	Claims Paid.
1874	11,581	\$19,083,000	\$2,936,905	\$80,819,000	\$645,000
1875	9,542	15,074,258	2,882,387	85,009,264	718,438
1876	8,848	14,092,430	2,803,310	84,250,118	879,498

The most striking fact shown by the table is that the whole volume of life business done last year is smaller than the year previous, which in turn was less than that of 1874. The amount at risk is \$759,000 less, the amount of new policies taken is almost a million less, (\$981,929), the premiums taken were \$79,000, and 694 fewer policies were taken out. From this we may infer, that the undeniable scarcity of money, the result of commercial stagnation, has caused the lapse of many policies whose holders had not the wherewith to maintain them. It is also noticeable that, on the other hand, the number and the amount of policies became claims during the year was nearly ten per cent. greater, the increase being thirty-eight in number, and \$99,251 in amount. This increase is to be