Mr. HOWLAND moved a reconsideration of the report of the committee on the Insolvent Act. He said there was a desire on the part of many members to discuss the question thoroughly, but the report had been adopted so hurriedly that nobody could speak in time. He asked the chairman to explain why the committee reported against the repeal of the Act.

Mr. MCMASTER said it was because the committee thought such a volcanic change would be injurious to the mercantile community. The second recommendation was made because it frequently happened that estates were depreciated in value by the delay required to give notice The third was due to the fact that advertising expenses at present were excessive. The fourth was because in Quebec assignees' charges had been found very high. The fifth would tend to reduce litigation.

Mr. OGILVIE thought an insolvent should not get his discharge except on the recommendation of two-thirds of the creditors.

Mr. MCLENNAN contended that the appointment of the assignee and the discharge of the debtor should be subject to the creditors by their direct act, and not by their opposition.

Mr. CORCORAN (St. Catherines) suggested that when relations lend money to a young man to go into business, unless such loan is registered, it should not be allowed to rank on the estate.

Mr. CLEMOW of Ottawa entirely agreed in the suggestion to reduce the time required for notices. The creditors, under the law, as it stands, have virtually the power of appointing their assignees, and as a rule they do so. He agreed to the recommendation respecting accountants, and also the proposition to restore section 107 to the Act of 1869. His experience had been that it was difficult to get creditors to oppose a discharge, or even to set aside a fraudulent assignment. He condemned the number of privileged claims allowed by the Act. He proposed that the privileged claim for rent should only be allowed for one quarter; anything in excess of that should have been collected by the landlord. He was in favor of the total repeal of the insolvent Act. The result of it was to make legitimate business almost impossible. In this city there were so many bankrupt stocks in the market that it was difficult for any honest merchant to pay 100 cents on the dollar to his creditors. A repeal of the Act for a time would benefit the community. Too many men were doing business, and the effect of the act was to increase the number. This was his opinion, and was given as the result of his experience as an official assignee of many years' standing.

Mr. SHEHYN (Quebec) said the experience of the mercantile community was that an Insolvent Act was necessary. He believed the present law was good, but the creditors did not carry it out. There would be failures in business whether there was an insolvent act or not, and the bankrupt stock would have to be disposed of the same as at present.

Mr. OGILVIE, in amendment to the motion to adopt the report, moved to expunge the last paragraph thereof and insert a paragraph recommending the amendment of the act in such a way as to render the consent in writing of two-thirds in number of the creditors representing three-fourths in value of the claims of the estate necessary to obtain a discharge of the insolvent.

Mr. MCKECHNIE advocated the repeal of the act.

Mr. ROBERTSON (Montreal) said if the Board could get exactly what they wanted, they might have a perfect Act, but then it would have to come before the house of Commons, and when it left their hands the parents would not know their own child. He believed the numerous failures were due to the readiness of giving credit too readily to every one that wanted it. He proceeded at considerable length to oppose the repeal of the Act. The country required a good law, and the only way to secure it was by amending the existing act until it suited the commercial community. Of course it would be impossible to please everyone.

Mr. LYMAN suggested that it should be made a misdemeanor for a debtor to make fraudulent representations to his creditors in purchasing goods.

Mr. MCMASTER accepted the amendment of Mr. Ogilvie, and the report, as amended, was adopted.

Correspondence.

LOANS ON BANK STOCKS,

Editor of the *Journal of Commerce*.

SIR,—In your editorial columns of last week I notice an article in whith you defend the privileges now possessed by the banks of loaning on the security of the stocks of other banks. I quite agree with you that "legislative interference with commercial companies is, *as a rule*, unadvisable," and "that it should be a strong case indeed to justify interference." Now I believe that loans on bank stocks by other banks is just one of those strong cases. The banking act of 1871 was no doubt a well considered and comprehensive measure, and its framer may well have believed that bank managers would carefully guard against the privilege being abused. The events of the last few years have however shown us pretty clearly that bank managers are not all wise men, and that in many cases they require more than their own judgments to guide them. If the banks confined their advances on bank stocks to an exceptional temporary loan their could be no reasonable objection to such loans, but when the practice asumes dimensions which places such stocks in the list of speculative securities, it is quite another thing. A bank is not in the position of a telegraph, railroad or other company. These can go on earning dividends whether their stock is gambled down to fifty or up to two hundred. A banking institution occupies a very different *position. Not only* does its *standing* and consequent ability to earn dividends depend largely upon the price of its stock, but the Legislature has conferred upon the banks the privilege of supplying the public with a large portion of its circulating medium, and is bound to see that every element calculated to unnecessarily shake public confidence in the stability of any portion of that circulating medium, is removed.

It may be said that the Banking Act provides for the security of the bill-holder, but this security has not saved the public from anxiety in regard to the notes of banks whose stock has declined either from legitimate or speculative causes; and if speculators by creating distrust in a bank, cause the withdrawal from such banks of any portion of its business, deposits or circulation, the banks themselves may fairly be required to abstain from aiding such speculators in their operations.

I am of opinion that the Legislature should go a step further and in order to check "short sales" require all bank shares to be numbered. It should also be made a misdemeanour, if it is not so already, for any corporation or individual to loan any shares upon which they have made advances. The disastrous consequences to the country which might at any time be produced by a powerful "clique," interested in ruining the credit of any Canadian bank, it is almost impossible to predict.

It is not my province to defend the statements of the *Witness* to which you refer in the same article, but I may be allowed to point out that so long as the banks are allowed to loan the stocks upon which they have made advances, the bank returns are really of little value, and do not show the full amount borrowed on such securities.

I am yours, &c.,
W. WEIR.

Montreal, 17th January, 1877.

P. S. Several banks have always declined to loan the stocks on which they have made advances and it must be understood that my remarks do not apply to them.

GOVERNMENT LIFE INSURANCE.

To the Editor of the *Journal of Commerce*:

SIR,—Many of your readers have doubtless had their attention drawn to an article on this subject in the Toronto *Globe* of the 18th inst. Now, while I admit the clearness of the arguments therein used as against the governmental interference in the matter, I am decidedly of opinion that the public will not rest till the government give the matter a test trial. The action taken upon the subject in the Ontario Legislature and by the Dominion Board of Trade at Ottawa shows that the subject is awakening public attention. Canadians have a large stake in the stability of life insurance. British and American companies have collected millions of dollars and taken it away to be invested in these countries, and if any of these companies fail the savings sunk are a complete and final loss not only to Canada, but to each individual whose hard earnings may in this way be swallowed up. There must be well nigh one hundred thousand persons interested in life insurance companies in Canada. It is not, therefore, to be wondered at that public feeling should be aroused at the announcement of the failure of a life insurance company. It is quite natural, too, that the insuring public should desire the stability which Government, more especially, could offer if it were an issuer of life insurances.

As every one knows the best legislation which Great Britain and America can bring to bear upon the business of life insurance has already been tried, and found inadequate in preventing the failure of those institutions; still they fail, and will continue to do so, inflicting misery and distress amongst a class who of all others should be encouraged to enter into the insurance of their lives.

The Legislators of the country should not shirk the work, because it appears to be without the line of government; the public want life insurance because they believe in it, but they want it to be reliable beyond doubt, hence the government is looked to to supply it. It is not sound reasoning to say "*There is no more reason why government should do the life insurance of a community than why it should do all the farming or distribute all the dry goods.*"

When farmers accept the people's money, the latter get the farm products immediately; in the same way the buyer of dry goods gets the merchandise; but the buyer of life insurance is disquieted with uncertainties of the future, and is troubled with a suspicion that after his death the company has nothing wherewith to furnish the article purchased to his widow and orphans.

It is this exceptional nature of the business of life insurance which makes it differ from other business, and why?—it should have the stability of goverment control. Government conducts a savings bank for the protection of the people; what is life insurance but a savings bank of a higher order? If one is conducted by government why should not the other?

I would not favor government's usurping *all* the life insurance business of this country, to the exclusion of the companies now doing business in Canada; but would suggest that government enter into competition in the business, and, if our people then patronize the government Office, in preference to the others, the people should be indulged to any extent desired.

No patriotic Canadian would dislike to see that a preference were shown to the government life insurance, for the reason that it meant that the people's money was being invested in our midst. Many intelligent persons erroneously think it is of no consequence whether Canada is the poorer by millions of dollars on account of this life insurance business; they fall into the error referred to before, of thinking there is no difference between buying life insurance and anything else. They should bear in mind that Canadian imports of every description are landed here, and in many cases actually used before they are paid for, while in the case of life insurance, the money goes abroad for a generation before the capital returns, Canada being all the while the poorer