

The WITNESS: No, sir, I think my memorandum is very explicit on that. I think you will find that careful reading would reveal that fact, because if during the experimental period of adjustment it is discovered that it is not possible to restore that business, then the creditors would still be protected to the value of the liquidation that might be possible.

By Mr. Macdonald:

Q. Have you any suggestion about reducing the costs of these bankruptcies?
—A. None other than of a general character. I have no specific recommendation to make.

Q. Is there any way of co-ordinating or making a general law? In one province a trustee gets a certain amount, and they tell me that in another province he gets remuneration on a different scale altogether.—A. Then the Act should specifically provide.

Q. No, the Act is the same in both provinces, but they administer it differently. The Registrar will give one man a big bill of costs and one another.—A. In that case it seems to me—and I am just speaking on impulse—that the business of the new official would be to take care of situations of that kind and establish a standard practice.

Q. To oversee every bill of costs before it is paid?—A. Exactly.

HAROLD J. INNS, General Manager, Better Business Bureau of Montreal, called.

By the Chairman:

Q. Mr. Inns, will you tell the Committee if you approve of the suggestion contained in the Bill before the Committee to create a Department of Bankruptcy presided over by a Superintendent of Bankruptcy within the Department of the Minister of Finance?—A. Most decidedly. I have read very carefully the Bill in its original form, which I understand has passed its second reading. The most important part of that Bill, I think, is the appointment of a superintendent. The reason I think that is the most important is that the essential feature of our present Bankruptcy Act is creditor control. Now, creditor control in bankruptcy broke down in England 50 years ago. It has broken down in the United States. Yet we have tried to operate under it for the last 10 years. It has been tried and found wanting. Creditors are not competent to supervise entirely a bankrupt estate. They certainly are qualified to sell the stock and to advise a trustee through their inspectors in many respects, but the onerous task of detecting fraud—and after all fraud in bankruptcy is the big factor to-day—cannot be left to the creditors, it is too costly, and they simply cannot do it. Therefore I see in the appointment of a superintendent an effort whereby creditors has a certain amount of control, but at the same time it is the thin edge of a wedge in order to get some proper supervision and enable the Government to accept that part of its responsibilities which it owes to business and finance.

Q. Possibly it would have been better had I asked you to explain to the Committee your opportunities for observation and becoming acquainted with conditions under the Bankruptcy Act.—A. Gentlemen, I am not a lawyer. But during the last ten years I have represented the creditors by proxy. I am General Manager of a non-profit organization which represents business and finance—

Mr. SPENCE: How do you live?

The WITNESS: That is a good one. It is not operated for profit, it is an organization of business men. As proxy for creditors we have been interested in the administration of thousands of bankruptcies, anything from shipyards to grocery stores, representing the largest creditors in Montreal and Eastern