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FINANCE AND INSURANCE REVIEW.

MONTREAL, MAY 21, 1880.

INSOLVENCY LEGISLATION.

Legislation upon insolvency will without doubt early engage the attention of Parliament at its next session. Already the need of some Act providing for the distribution of the assets of defaulting debtors makes itself sorely felt, and it is a want sure to become yet more pressing with the lapse of time. Instances are coming to light of debtors bluntly refusing to meet bills and inviting the creditor to do his worst, confident that the alternative of proceedings under the common law will not be resorted to, and conscious that, if they should be, precautionary measures already taken will render them abortive.

A dry goods merchant of this city was recently informed of the insolvency of a customer, a small country store-keeper, and upon opening investigation soon learned that the father-in-law held a judgment by confession in the amount of \$6,000, a sum that would more than cover the value of the entire estate. Other instances, similar in character, have come to our knowledge both in the dry goods and hardware trades, and we have no manner of doubt that inquiry would discover such cases in numbers.

So manifest are becoming the evils of no insolvency law that there seems a disposition in some quarters to regret the repeal of the old law with all its attendant evils, but this is an extreme view not shared by merchants at large, nor likely to be. The abuses which crept in under the Act, the facility with which compositions and discharges were obtained, the incentives to collusion, the fattening of the official assignees, the impudent competition of the newly discharged bankrupt

with his stock costing fifty or seventy-five cents on the dollar, all these unwholesome operations of the law are too fresh in the minds of the public to permit of any serious regrets over its repeal. If it be permitted to paraphrase the great dramatist, we should say of the late Insolvent Act, "the evil that it did lives after it; the good was all interred with its bones." Now what is wanted is to resuscitate the good and leave the evil, so far as enactment goes, buried.

Two bills having this object in view passed through a second reading at the late session, Mr. Wallace's and Mr. Abbott's. The striking features, and we may at once say, defects, of Mr. Wallace's bill are that it provides for the full discharge of every debtor whose affairs shall have been administered in accordance with the terms of the bill, without regard to the percentage realized therefrom or other limitation, and that it makes no provision for the liquidation of the unsalable portion of insolvent estates, such as book accounts, notes and other debts due the bankrupt.

The Abbott bill has already been noticed in the *JOURNAL*. It has met the approval of the merchants of this city as formally expressed by a deputation which urged its passage upon the Government, and it commends itself to the favorable consideration of the mercantile community not as a complete law, but as a practical measure carefully framed, and, as far as it goes, meeting the requirements of the time. It makes no provision for composition, none for discharge.

On these two points the bill is unsatisfactory, and will very likely incur opposition, first from the creditor and next from the debtor. Under ordinary conditions creditors can obtain far more from an insolvent estate by composition than in any other way. If only the insolvent be honest and capable it needs no argument to demonstrate that he can liquidate his own affairs to better advantage, get more out of the assets, than any one else; and large creditors will never be content that claimants for trifling sums should have it in their power to exact payment in full, or compel the winding up of the estate. On the other hand, the debtor class can hardly be expected to approve of a law which in case of insolvency fails to provide for a discharge in bankruptcy after surrender of the entire estate for distribution amongst creditors. Friends of the Abbott bill acknowledge these defects, but maintain that they can best be remedied by subsequent legislation, when the needs of both debtor and creditor shall appear through the practi-

cal workings of the Act, and their wishes become known through the action of their representatives in Parliament.

The one point upon which all are agreed is that an insolvency law is essential to the healthy and equitable regulation of trade. It is intolerable that a tradesman should be able to buy goods, fail before the maturity of the bill, and his whole estate pass into the possession of a suspiciously close friend or near relative without redress of any kind for the real owner of the goods. Yet this is what can be done, is done, under cover of the law as it is. The gravest offences under the old law were light by comparison. A remedy is needed which the Abbott bill, unsatisfactory though it be to both creditor and debtor, certainly supplies in part. No bankruptcy bill has yet been framed in any country to meet the views of all interests, nor is likely to be; nor can bankruptcy legislation reasonably be expected to constitute an impassable barrier to rognery. But between the rognery possible under any insolvency law and that possible under no law there can be little question of the wisdom of choosing the first and lesser evil. Should no better bill be framed meanwhile, we bespeak for Mr. Abbott's "Act to provide for the distribution of the assets of insolvent traders" prompt and favorable action at the next session of Parliament.

**IS THE VALUE OF MONEY RISING
THROUGHOUT THE WORLD?**

A most interesting paper on the subject prefixed to these remarks was read at a recent meeting of the London Statistical Society by Mr. R. H. Patterson, a member of the Council of that Society. It has long been a generally received opinion in Europe that the value of silver has fallen off very considerably of late years, although a Commission appointed in the United States reported in the most confident terms that the purchasing power of silver has not fallen off, while that of gold has risen in all countries. The report of the United States Commission was at first received with great distrust, as it was imagined that the United States were interested in upholding the value of silver for the sake of the splendid Nevada mines. More recently doubts have been entertained whether the depreciation of silver, of which there is no doubt, may not be due to a rise in the value of gold. Mr. Patterson admits that to determine correctly any substantial change on the value of the precious metals compared with other commodities is one of the most