

Mr. REILLEY: Yes, I know. I have not any comments to make on the Farmers Creditors' Arrangement Act. I was opposed to it very violently when it went through, and I am still.

Hon. Mr. ASELTINE: But you are incorporating a great deal of the same procedure in this bill.

Mr. REILLEY: My idea of this, gentlemen, is that bankruptcy in itself is destructive.

Hon. Mr. HAIG: We agree with you there.

Mr. REILLEY: This is the only procedure that I have ever heard of whereby you can proceed in this way. In England the procedure is this: a receiving order is made—it is not an adjudication of bankruptcy, but just an interim order—and after that is made the Official Receiver makes an investigation of the debtor's affairs and examines him; then it comes to the creditors' meeting, and at that meeting he is asked, Are you willing or ready to make a proposal to your creditors. There is not any bankruptcy yet. There is an order, to be sure, saying he has committed an act of bankruptcy, but everybody has who gets into that position. At the meeting of creditors if no composition is proposed, they go back to the court and get an adjudication of bankruptcy—what they call an adjudication order. So there are two orders, and then the intervening period when the debtor is given an opportunity to make a composition.

Hon. Mr. ASELTINE: Under this bill who prepares the proposal, the trustee?

Mr. REILLEY: It would be prepared by the debtor, I suppose.

The ACTING CHAIRMAN: Is there any particular reason why the condition Senator Haig mentioned would be applicable to farmers, but might not be generally applicable to ordinary business?

Hon. Mr. HAIG: What I am afraid of is this. No one creditor wants to make a row, because he thinks the debtor may get on his feet again and may be a good outlet for business. I am not afraid of the 75 or 85 or even 99 per cent of people who are honest; it is the dishonest debtor I am worried about beating his creditors. You do think that in 1919 it was rampant?

Mr. REILLEY: Yes.

Hon. Mr. HAIG: I know about that, for we had a big practice in bankruptcy proceedings at that time.

Mr. REILLEY: All I can say is it was rampant between 1919 and 1923. The changes after that did not remedy the situation very much until 1932. Before that period, you know, dishonesty was very rampant, but from 1932 on you have not heard very much about dishonesty in bankruptcy.

Hon. Mr. HAIG: I admit that.

Mr. REILLEY: Whether the superintendent's control is entirely responsible for that I am not going to say; I leave it to the public to judge. That control has effected a very considerable remedy of the situation.

Hon. Mr. HAIG: Of course, your 10 per cent vote is a very fine provision; that gives the kickers a pretty good show.

Hon. Mr. McGUIRE: The whole purpose of the Farmers Creditors' Arrangement Act was to provide a new deal for the debtor, and the creditors knew right from the beginning that their interests were going to be sacrificed to a great extent at least.

Mr. REILLEY: Yes.

Hon. Mr. McGUIRE: That Act was only intended to be temporary. Why Senator Haig's province and the other western provinces want to hang on to it is their own business.

Hon. Mr. HAIG: We do not want it.

The ACTING CHAIRMAN: Your legislature asked for it back.