

# The Commercial

WINNIPEG, MARCH 1, 1895.

## PREFERENCES.

Last week we referred to the action of the Winnipeg Jobbers' Union in the matter of disposing of bankrupt stocks. Another very important matter which the Union has now in hand is the question of preferences. It is felt by the jobbers, and it is undoubtedly true, that the entire system of preferences is wrong in principle. Like most other systems which are wrong in principle, it is found that the practical results of preferences is evil, and that almost continuously. Where the motives are honest and honorable in one case where a preferential claim has been obtained, there are probably a score or more of cases where the intention is to cheat and defraud. All wholesale men know from experience that this is the case. To such an extent have preferred claims figured in crooked and dishonorable transactions, that the very word preference is considered synonymous with fraud.

This being the case, it is no wonder that the jobbers, who had every opportunity to observe the working of the law in this respect, should desire to see the entire system of preferences swept away. The jobbers have discussed the question several times, in various forms, of late, and a committee of their number has recently interviewed the local government with a view to having the desired changes made in the law.

The relicta judgment is one form of preference which is frequently—indeed, we may say usually resorted to with dishonorable or fraudulent intentions. So much dishonor attaches to the relicta judgment, that some time ago the Winnipeg jobbers resolved not to make use of the relicta judgment against each other. While in some cases this form of preference can be used to good advantage, yet the jobbers feel strongly in favor of having it entirely abolished.

In fact it is the desire of the jobbers that all forms of preferences by which one creditor can be secured to the detriment of other creditors, should be abolished. The ordinary judgment, obtained after the full course of law, has in practical effect the nature of a preference. A creditor who obtains judgment in the regular way in advance of the others, has to all intents and purposes a preferred claim. It is the desire of the jobbers that the law should be framed so that all creditors would rank alike, instead of affording the opportunity for one creditor, with the tacit consent of the debtor, to step in ahead of all other creditors.

In Ontario there is a law called the Creditors' Relief Act, which provides for the sharing alike of all creditors, in winding up mercantile estates. The advisability of introducing something similar in Manitoba has been discussed. While the principle of the Ontario act is good, the cost of administration is outrageous in many cases, owing to the latitude allowed the sheriff for running up costs. A law which would embody the principles of the Ontario act, while leaving

the winding up of estates in the hands of the merchants, instead of the sheriff, would meet the case in abolishing preferences and at the same time provide for economical administration. The expense of administering the Ontario act may be imagined from a failure which occurred at Rat Portage, Ontario, some time ago, in which Winnipeg houses were interested. The bankrupt valued the estate at \$8,000. The sheriff reduced the valuation to \$2,800, and when the estate was wound up there was nothing left for the creditors and the sheriff had a small bill remaining against the estate, after consuming the entire estate in costs of administration. As the law now stands in Manitoba, the sale of an estate under the assignee, which would cost under \$20, usually runs up to \$200 to \$300 in costs when the estate falls into the hands of the sheriff.

This shows why the jobbers are anxious to have the winding up of estates left in the hands of an assignee, in any new law which may be framed, rather than have it placed in the hands of the sheriff.

While on the subject of preferences, the matter of marriage settlements might also be considered. Several times in Manitoba marriage settlements have been used to rob and defraud creditors in the most shameless and barefaced manner. The way to remedy this evil would be to provide that marriage settlements would only be valid when duly registered within a reasonable time. A marriage settlement which had been kept secret, should not be allowed to take effect against ordinary creditors.

## THE BUTTER SITUATION.

It appears that there is truth in the report from Ottawa that the Dominion Government is going into the butter export trade. The Commercial refused to believe the report on the first telegraphic information, but the news has since been confirmed. The government has decided to pay 20c per pound for winter-made creamery butter. The intention is to export it to England, with the object of assisting the Canadian butter trade. Considerable opposition has been shown to this new move of the government, by the butter dealers of Eastern Canada. It is pointed out that the price being paid by the government is about 4c per pound above the export value of winter-made butter. This means a considerable loss to the taxpayers as a certain result of the government's butter deal. It is also claimed that it will be a mistake to try to "boom" Canadian winter butter in British markets. The stable butter from Canadian winter dairies cannot compete with fresh grass butter which is obtainable in British markets, and the pushing of this quality on British markets, it is feared may do injury by giving a wrong impression as to the general quality of Canadian butter. Professor Robertson, who is managing the government's butter department, justifies the plan on the ground that it is necessary to do something to relieve the overloaded home market, even though the government may lose 4c per pound on the butter handled. It is the intention of the government to handle only winter-made butter this season, so that it is not to be a permanent thing.

This action of the government calls attention again to the entire situation as regards butter. The immediate cause of the deplorable state of the Canadian butter market is due to holding butter for a higher price, instead of selling it while it is fresh, at the market value. People at home and abroad are not now obliged to eat stale butter. In British markets fresh grass butter can be had all the year around, and it is not a matter for surprise that the people there have utterly rejected held Canadian butter. Even at home the taste has been educated for fresh butter. There is now enough winter-made butter to supply the market in Eastern Canada, and people will not accordingly use held stock. It is therefore evident from all sides that the days of holding butter in Canada are numbered. The present season has brought a severe lesson, but it needed something of this kind to kill the foolish custom of holding butter, instead of letting it go into consumption while it is fresh and sweet.

If Canada is to do an export butter trade, we should begin by promptly exporting summer-made butter while it is fresh, and selling it at once at current market values. In this way the home market would not become overloaded, and the winter-made butter, which is more suitable for home trade, would find a ready consumptive demand at home. To begin an export business with the poorer quality of butter made in the winter season, seems like beginning at the wrong time to try to work up an export trade.

In Manitoba we need to take a lesson from the present situation in butter. Here too, it is evident that holding butter must come to an end. A special effort is now being made to encourage the dairy interests, but there will be little use in spending provincial funds to encourage dairying unless the factories will be prepared to ship their butter while it is fresh. The present season has shown that the custom of holding ordinary dairy butter for winter sale, cannot longer be carried on. Dairy, as well as creamery butter, must be shipped promptly, and sold at the market value, even though prices may be low at the time. Holding butter has proved a failure, and must continue to prove a failure, and an injury to the dairy interests of the country.

## NO COMPROMISES.

The Commercial has intimated several times recently that the jobbers have set their faces sternly against compromises. There can be no question as to the evil principle of the practice. It has a tendency to encourage a loose moral sentiment as to the duty of every person to strive to pay 100 cents on the dollar. For this cause alone, if for no other reason, compromises should be thoroughly discouraged. The tendency is certainly toward loose ideas of business morality. Wherever the custom of agreeing to compromises becomes established, great moral injury to the community from a business point of view, is sure to result. The custom of compromising, in fact, is simply a way of educating the business people in the belief that the payment of 100 cents on the dollar